

# FINANCIAL TIMES

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## NEWS SUMMARY

**GENERAL**  
**Health unions plan next action**  
Selective strikes in key areas of the Health Service, over the next two weeks, are planned by health unions seeking a 12 per cent pay rise.  
The unions plan this to reinforce the five days of action they claim as a great success.  
The Health Department said pressure had increased during the week but that only 15 per cent of hospitals had been reduced to accident and emergency services by the dispute. Back Page

**Ceasefire kept**  
Israel maintained its ceasefire in Beirut but said it still expected the PLO to leave the Lebanese capital. Back Page

**Battle claims**  
South African forces claim to have killed 345 Swapo guerrillas in a thrust across the Namibia-Angola border. Guerrillas said they had killed 300 South African soldiers in recent fighting. Page 2

**Gibraltar poll**  
Almost one Spanish in three would back military action to take Gibraltar from Britain, according to an opinion poll published in Madrid.

**Rebels kill 14**  
A guerrilla attack on a train in north-west Mozambique left 14 dead and 58 wounded, the government said.

**Girl's body found**  
The body of missing Northumbrian schoolgirl Susan Maxwell was found in Staffordshire. Police believe Susan, 11, was murdered and the motive was sexual.

**Bank reopens**  
Barclays Bank resumes Saturday opening today after a gap of 13 years. There will be 34 branches open today but by September 11 it hopes to have 400 open. Page 3

**Cash record**  
Building societies had a record-breaking month in July. They took in £3.18bn and after withdrawals were left with £699m in new money. Page 3

**Status demand**  
A New Zealand human rights and anti-apartheid group wants political prisoner status for protesters jailed for demonstrating against last year's South African rugby tour.

**Protest ends**  
Greenpeace halted its efforts to prevent the British ship, Greenpeace, dumping nuclear waste in the Atlantic, off Spain.

**Plunge deaths**  
Three girls, two of them sisters, aged three, six and seven, died when the car in which they were travelling plunged 30 ft into a river near Ystradgynlais, Wales.

**Prayer meeting**  
A religious service is to be held outside Belfast's first sex shop today, in a move to get it to close. The shop opened on Tuesday.

**Test score**  
Pakistan were 428-8 (Mohsin 200), at the close on the second day of the Second Test at Lords.

## Geraghty fined £350 and costs for contempt

BY PHILIP BASSETT, LABOUR CORRESPONDENT

TRADE UNIONS' ability to take sympathetic industrial action was dealt a severe blow yesterday when Mr Sean Geraghty, secretary of the Fleet Street Press branch of the Electrical and Plumbing Trades Union, was found guilty of contempt of court following the strike which halted publication of Wednesday morning's Fleet Street newspapers.

The strike, in support of the health workers' pay campaign, had gone ahead despite a court order seeking to prevent it.

In the High Court yesterday, Mr Justice Leonard fined Mr Geraghty £350. However, the contempt was not judged to be serious.

Mr Geraghty was ordered to meet the costs of the case, which could be about £10,000. Mr Geraghty said he thought the trade union movement had won a victory.

We are reinforced in our belief in the value of solidarity and sympathetic action. The principles of trade union and working class unity have been demonstrated."

Saying he had been "zapped over the knuckles," Mr Geraghty said the question of whether and how to pay the fine and the costs would be left to the branch. The issue would be discussed at the next normal branch meeting, due on Tuesday.

Fleet Street newspaper publishers earlier this week obtained a court injunction from Mr Justice Leonard against eight named union officials following warnings of strike action in support of the National Health Service dispute.

The court was told yesterday that all the other officials had complied with the injunction, but that the electricians had gone ahead with their strike, causing the loss of production in London of all Wednesday's national newspapers at an estimated cost of £3m to £4m.

The Newspaper Publishers Association, representing the Fleet Street publishers, applied for the imprisonment of Mr Geraghty.

Counsel for Mr Geraghty argued that the court order had not been properly served, and that the NPA had failed to make out its case against Mr Geraghty.

The judge said he considered that, despite complaints about the way in which Mr Geraghty had been informed of the court order, the terms of the injunction were clear.

Mr Geraghty has two months to meet his fine, or face a week in prison. Trade union leaders last night began pledging financial support for Mr Geraghty if he needed it.

Mr Albert Spanswick, chairman of the TUC health services committee and general secretary of the Confederation of Health Service Employers, said: "We are very pleased to hear that Mr Geraghty has not been sent to prison—and we hope the business is now all over. The ability of unions to take solid action is at the centre of the case. The injunction was sought on the basis that the projected strike action was in breach of the Government's first piece of labour legislation, the Employment Act, 1980, which precludes sympathy action that does not fit rigorous specific tests.

Though this part of the Act has been used only rarely, the injunction this week, the compliance with it by most unions involved, and Mr Geraghty's fine all cast doubt on the unions' ability to challenge effectively the Act and the Employment Bill being guided through parliament by Mr Norman Tebbit, Employment Secretary.

Mr Rodney Bickerstaffe, general secretary of the National Union of Public Employees, contrasted all the trouble over the affair with the size of the fine. He said: "It's a nonsense."

Mr Frank Allau, left-wing chairman of Labour's Press and publicity committee, said: "Solidarity has now become a crime. But far from being punished, Mr Geraghty should be congratulated."

He said Lord Marsh, NPA chairman, had behaved in a "contemptible fashion."

Lord Marsh said the court's decision was "very fair." He said: "The court has not attempted to martyr anybody. We never sought this confrontation. I think it is a great pity that we had to get to it."

Court hearing details, Page 3  
Health unions determined, Back Page

## Gdansk police scatter Solidarity marchers

BY OUR FOREIGN STAFF

RIOT POLICE broke up a crowd of 10,000 demonstrators in Gdansk yesterday.

Firing water cannon, faxes and tear gas they scattered supporters of the Solidarity trade union as they marched towards the city's Communist Party headquarters.

More protests are expected during the weekend to mark the anniversary of strikes at the Lenin shipyard two years ago. The strikes led to the foundation of the now-suppressed union and to military rule in December.

Witnesses said the disturbances started after a rally by a few hundred people near a memorial to those killed in Gdansk during rioting in 1970.

After a brief confrontation with police, the crowd marched through the city, growing as it went. It was charged by police as it approached party headquarters—burnt in 1970—chanting "Long live Solidarity" and "Free Lech Walesa."

Mr Walesa, the union's official leader, has been interned since December.

As the demonstrators broke ranks a few small groups hurled stones and threw stones and rubbish at police. By early evening, however, the city was reported quiet with police and armoured vehicles on patrol.

While violence flared in Gdansk underground Solidarity leaders in Warsaw distributed leaflets calling for a graffiti, poster and pamphlet protest campaign against martial law, to culminate in mass peaceful demonstrations on August 31.

The date marks the second anniversary of the Gdansk agreement which opened the way for independent trade unions in Poland.

Yesterday morning, police with automatic weapons formed a circle around Warsaw's busiest traffic junction where 5,000 people staged a protest in May. Later truckloads of forces were seen around Victory Square in the capital's centre where several hundred people had gathered round a floral cross laid on the flagstones. No clashes were reported.

The authorities have warned that protests against military rule will be met with toughness and determination.

## Bullion scandal dispute resolved

By Rosemary Burr

THE FINAL act in a 34-year-old dispute between East and West, involving a pre-war banking scandal and one of the biggest bullion seizures of the century, will unfold in London next month. People with claims for compensation from a Soviet-bloc government will then have a chance to press them.

The dispute stems from claims by the British Government and individuals against Czechoslovakia. They date back to the period from March 1938 to April 1945, when the Nazis occupied Czechoslovakia and to the 1948 Communist takeover in Czechoslovakia.

The claims arose either from post-war Czechoslovakian nationalisation, expropriation or dispossession; or from an attempt to restore money and property which had been subject to special measures in Czechoslovakia during the German occupation.

Back in 1949, Britain and Czechoslovakia reached an agreement on inter-governmental claims. Prague promised to pay London £19.7m, but the money was never forthcoming.

Five years later, Czechoslovakia told Britain that there could be no settlement on the question of claims private and public without the return of Czechoslovakian gold held in London since the end of the second world war.

The gold bars and coins were at the centre of a political row in 1939, which almost led to the winding-up after the war of the Bank for International Settlements (BIS), the central bankers' bank at Basle, in March 1939. Germany forced Czechoslovakian officials to instruct the BIS to move Prague's gold, held in the Bank of England's vaults, to the account of the German Reichsbank.

News of the transfer caused a furor in Britain. The BIS and the Press accused the Bank and the BIS of collaborating with Germany. In fact, the gold remained untouched in the bowels of Threadneedle Street and was frozen there.

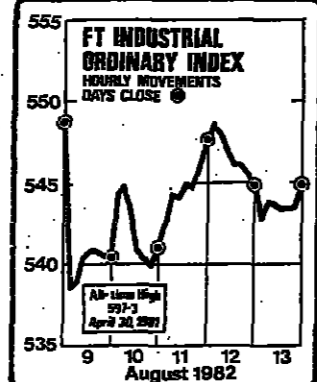
Continued on Back Page

## Base rate cut hopes lift gilts

**BUSINESS**  
**Base rate cut hopes lift gilts**

GILTS strengthened on hopes of a bank base rate cut next week. The Government Securities index rose 0.70 to 74.25, a 1.59 gain for the week. Back Page and Lex; Page 20

EQUITIES were subdued by the recent economic gloom but the FT 30-share index, opening about 2 points down, closed unchanged at 544.9. The loss for the week was 3.9. Page 20



## Inflation slows again to 8.7%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATION SLOWED again last month, falling by half a percentage point to 8.7 per cent on an annual basis. This, the lowest figure for three and a half years, came at the end of a month during which prices were on average unchanged.

Official figures out yesterday show that the standstill in average prices resulted partly from a sharp fall in the price of seasonal foods.

Other prices were rising at only a moderate rate, and there was renewed confidence in Whitehall that the inflation rate will continue to fall during the autumn.

July was the second month this year in which prices stood still, the other being February. A zero rise in the prices index had not previously been achieved since August, 1970.

The annual inflation rate has been falling for six successive months from the plateau of 12 per cent reached this winter. Ministers are now predicting a reduction to 7.5 per cent by the end of the year.

The Government would then hope to have shifted people's expectations about inflation into a new and lower gear.

Apart from a nine-month period in 1978, the inflation rate has not fallen below 9 per cent since early in 1973.

Yesterday Mr Leon Brittan, Chief Secretary to the Treasury, emphasised the Government's central theme—that low output and high unemployment are the penalty which Britain is paying for allowing inflation to rise in the past.

"Today's good news on inflation offers real long-term hope for those without a job," he said.

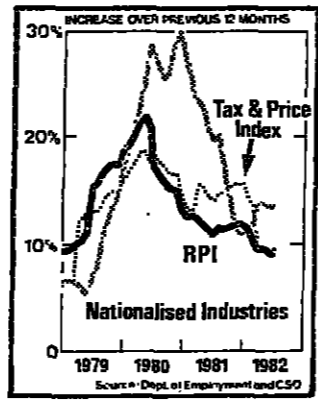
If seasonal food is excluded from the latest figures, prices have been rising at a rate of less than 0.5 per cent a month for the last three months. The all-items index of retail prices stood at 323 (1974 = 100) for July and the tax and price index (TPI) at 189.0 (January 1978 = 100).

The TPI, which measures the pre-tax earnings needed to keep pace with prices, increased by 8.6 per cent in the 12 months to July compared with 9.4 per cent in 12 months to June.

The rise reflects the fact that some unemployment benefits have now come into the tax net. The continued faster inflation rate of the TPI is a mild embarrassment for the Government since it hoped that a general tax-cutting strategy would hold it down below the rate of increase of the more conventional retail price index.

In the next few months some increase in petrol pump prices is expected and gas prices are expected to rise.

Continued on Back Page



## Chief price changes yesterday

RISES	F. S. Geduld	FALLS
Treasury 12 1/2%	Gold £341 + 1 1/2	Automotive Prod. 25 - 3
1896 Gov. £102 + 1	£141 + 1 1/2	Blue Circle 423 - 8
Treasury 1 1/2%		Dollars 373 - 5
2003-07 296 + 1		General Accident 32 - 4
Aeronautical & General 235 + 25		G.R.E. 280 - 6
British Aerospace 227 + 7		Kennedy Smale 162 - 13
Glaxo 745 + 15		Lloyds Bank 388 - 10
Plassey 512 + 5		M.L. Holdings 380 - 5
Sound Diffusion 134 + 7		Ransomes Sims 312 - 6
Wolverhampton 174 - 7		Standard Chartered 373 - 29
Stream Laundry 61 + 6		Sun Alliance 760 - 15
LASMO 325 + 15		
Anglo American		

## Mexico halts foreign exchange deals

BY ALAN FRIEDMAN

MEXICO'S FINANCIAL crisis deepened yesterday as the Mexican Government announced exchange control measures and halted all foreign exchange and precious metal transactions until further notice.

The measures, which came only one week after the introduction of a new two-tier exchange system, were seen by bankers as a last-ditch attempt to avoid an approach for help to the International Monetary Fund.

The emergency measures include a ban on the transfer of any foreign currency outside of Mexico and a freeze on all foreign currency bank accounts in the country. Mexican citizens and companies with U.S. dollar accounts in Mexico are not permitted to withdraw their dollars and must accept instead Mexican pesos at the rate of 69.5 pesos to the dollar. That compares with a rate of 49.5 pesos to the dollar ten days ago.

Yesterday's moves took the international banking community by surprise, partly because of last week's introduction of a split preferential floating peso-dollar rate and partly because the Mexican Central Bank has argued vehemently against exchange controls for several months.

The two-tier exchange system, which caused a 35 per cent devaluation in the peso-dollar rate to a rate of more than 70 pesos to the dollar, appears to have failed to stem the massive flow of dollars out of the country.

Last weekend Sr Lopez Portillo, the outgoing president, said that if Mexico had not acted to stem the outflow of dollars it would have been heading for a default on its \$30bn (£28bn) public and private sector foreign debt.

Private sector companies in Mexico this week asked bankers to discuss debt rescheduling on part of the private debt of \$18bn to \$20bn.

A delegation of Mexican Finance Ministry officials was yesterday said to be in Washington, possibly discussing an increase in the country's currency swap line with the U.S. Federal Reserve.

Editorial Comment, Page 12

## Many large companies were built from small ones. Invest in the future now.

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(Please specify unit trusts and attach names and address separately)

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RISES	F. S. Geduld	FALLS
Treasury 12 1/2%	Gold £341 + 1 1/2	Automotive Prod. 25 - 3
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Treasury 1 1/2%		Dollars 373 - 5
2003-07 296 + 1		General Accident 32 - 4
Aeronautical & General 235 + 25		G.R.E. 280 - 6
British Aerospace 227 + 7		Kennedy Smale 162 - 13
Glaxo 745 + 15		Lloyds Bank 388 - 10
Plassey 512 + 5		M.L. Holdings 380 - 5
Sound Diffusion 134 + 7		Ransomes Sims 312 - 6
Wolverhampton 174 - 7		Standard Chartered 373 - 29
Stream Laundry 61 + 6		Sun Alliance 760 - 15
LASMO 325 + 15		
Anglo American		

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OVERSEAS NEWS

Japanese steel output could fall below 100m tons

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

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JAPAN'S steel production is likely to fall below 100m tons during the current fiscal year for the first time since 1971, according to unofficial industry forecasts. The fall will reflect declining exports as well as slack domestic demand. The lower production level, combined with the fact that a 5.4 per cent increase in domestic steel prices this year has been too small to cover cost increases could mean the halving of steel industry profits from last year's levels. In the final six months of the fiscal year (to March 31 1983) the industry could be operating at a loss. Steel is the only one of Japan's major basic materials industries which has managed to avoid disastrous losses in recent years as demand has fallen and raw materials costs have risen. The five major integrated steel companies are determined to maintain their record of success but there is a feeling that "routine" cost savings may become harder to achieve. Some companies accordingly are focusing their sights on a significant technological breakthrough that could result in a sudden and dramatic cut in production costs. Japanese steel companies spend 1.5-2 per cent of their sales revenue on research and development — considerably more than is common in the west. The kind of breakthrough at which some companies appear to be aiming might include the elimination of the oxygen furnace in the steel-making process. The total capacity of the Japanese steel industry has been variously estimated at 142m tons, and 157m tons (depending on the formula used for calculation). Which ever figure is used annual production levels of less than 100m tons are dangerously close to break-even point. The industry has in the past, managed to compensate for a higher ratio of fixed costs by raising its domestic prices but this year's price rise was based on the forecast that the yen-dollar exchange rate would average one dollar to ¥240. With the yen rate substantially below that level the industry is having to pay more for its raw materials in terms of domestic Japanese currency than it had expected. Japanese steel manufacturers have been net exporters of finished steel because exports of finished steel have consistently been worth more than imported raw materials. Last year the industry spent about \$15bn (£8.8bn) on imports and earned \$17bn from exports.

Toshiba plans 'superchip'

BY OUR TOKYO CORRESPONDENT

TOSHIBA is about to start intensive work on the development of a one megabit (1,000 kilobit) random access memory chip, the company has announced. The 1,000 K bit chip is two stages beyond the 64K chip now being mass produced by Japanese electronics companies. Toshiba will spend ¥30bn (\$240m) on the construction of a special building at its Kawasaki factory near Tokyo which will be used exclusively for one megabit research and development. It hopes to start sample production of the chip in the first half of 1984. Toshiba is now producing 64K chips at the rate of about 200,000 per month—a far lower rate of output than the leading Japanese manufacturer, Hitachi. The company is very close to the start of sample production of the 256K chip. The main problem that has to be solved before production of one megabit chips can start is to reduce the distance between circuits from three microns (in the case of the 64K chip) to one micron.

S. African troops 'advance 120 miles into Angola'

BY MICHAEL HOLMAN

THE OFFICIAL Angolan news agency Angop yesterday claimed South African troops had taken up positions north of Cuvellal, 120 miles into the country. What appears to have been a major South African incursion began on July 19. Reports of the incursion were initially denied by Pretoria, but subsequently acknowledged. Major General Charles Lloyd, commander of the South African forces in Namibia yesterday put the death toll at 345 guerrillas of the South-West Africa People's Organisation (SWAPO), and said that a SWAPO base at Tecumete, 150 miles inside Angola, had been destroyed. He said one of the three units deployed had been returned to Namibia. There was speculation in the South African press, however, that South African forces may be heading towards the railway town and provincial capital of Lubango, where there is said to be a large SWAPO base. Fourteen people were killed and 50 wounded when rebels attacked a train in Northwestern Mozambique, Reuter reports from Maputo. The Mozambique Government said yesterday the attack by the Mozambique Resistance Movement (RNM) took place on Tuesday night on the line linking Malawi with the Indian Ocean port of Beira.

Air Canada to cut staff

BY VICTOR MACKIE IN OTTAWA

AIR CANADA, the Government-owned airline, is to lay off about 2,000 employees and reduce services in an effort to curb record operating losses of C\$64.5m (£17m) in the first six months of this year. Mr Claude Taylor, the airline's president, said every effort will be made to reduce staff through attrition, job-sharing, and early retirement. The airline has 3,622 management and 17,187 unionised employees. This year's first-half loss compares with a net profit of C\$22.1m (£5m) in the same period last year. Operating revenues for the first six months increased by only 4.9 per cent over the period last year, while operating expenses increased by 10.7 per cent. The number of corporate bankruptcies in Canada soared by 40 per cent during the first seven months to a record 6,275, according to the Government. Hit by the worst recession in more than 30 years, the number of corporations going bankrupt increased in every province except New Brunswick and Prince Edward Island between January and July.

Wall Street on a knife edge?

Many analysts take the view that a further plunge in the US stock market will be inevitable. Corporate bankruptcies and concern over the financial stability of several leading banks are adding to the general nervousness. A new report from the Research Department of Inter Commodities analyses these dangers and suggests new ways in which the investor can protect himself from any collapse that might occur—and even profit from it. Complete the coupon now or telephone Janet Stewart on 01-481 9827.

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Pravda hits out at falling production

By Our Foreign Staff

THE SOVIET authorities yesterday publicly attacked the continuing decline in farm and industrial production, and warned that the harvest was once again going badly. A strongly worded article on the front page of Pravda, organ of the Communist Party, warned of serious shortcomings in production of meat, milk and poultry, and output of electrical energy, ferrous metals, synthetic fabrics, and construction materials.

The criticism comes near the end of a cool summer which long-suffering Soviet consumers say has prolonged the perennial scarcities of fruits and vegetables. Long lines persist outside state stores, and experts are predicting the fourth consecutive poor Soviet harvest. Economic growth from January to July registered 2.5 per cent on an annualised basis, well below the planned level of 4.7 per cent, Pravda said. The Soviet economy grew by 2.7 per cent during the first six months, down from 3.4 per cent for the same period in 1981, according to Government statistics.

The official Press has not published detailed figures for the seven month period, but the unusual front page Pravda article signalled strong Kremlin displeasure over economic performance.

Avoiding direct comment on the 1982 harvest, Pravda hinted it was going badly, reporting that tractors, combines and other farm machinery were in worse repair than usual in crucial growing areas of Russia and Kazakhstan. Output of meat, milk and poultry was meeting expectations in some regions, Pravda said. But many farms in the normally productive areas of the Ukraine, Kazakhstan, Estonia, Latvia, and elsewhere were preparing livestock, poultry and milk at lower levels than previously, Pravda said.

Norwegians forego rise to keep jobs

By Fay Gjester in Oslo

HUNDREDS of workers at a loss-making, state-owned aluminium plant in Norway have offered to forego promised wage increase to help save their jobs.

The 750 aluminium workers, members of the powerful Iron and Metal Workers' Union, are employed at the Holmestrand fabricating plant, in east Norway, of Ardal, og Sundland Verk (ASV), the country's largest aluminium concern. They are willing to do without plant-level increases won this year (in addition to the pay rise they secured through industry-wide bargaining) to help the company ride out the present severe slump in the world aluminium market. The condition they make is that the rest of the plant's 1,100 employees should do the same.

Mr Hakon Gudmestad, the plant manager, said the workers' offer was "very helpful." It came after management had asked the shop stewards of the five unions which organise the plant's employees to discuss the plant-level increases they had applied for earlier this year. "On the whole, we have had positive reactions," he declared. The other employees involved would probably reach a decision next week, said Mr Gudmestad. "It is obvious we must do something drastic to bring the company out of the red next year. But the plant management has already told 400 workers at the Holmestrand plant that they must begin working a four-day week. The ASV group as a whole made a loss of Nkr 185m (£16m) in the first half of 1982 on turnover of Nkr 1.5bn and expects even poorer results in the second half of the year.

Patrick Cockburn looks at the power struggle in prospect after the PLO evacuates Beirut

Divided Lebanon defies the neat solution

"IF ALL the terrorists leave the Lebanon by the Syrians stay, then we will have solved nothing," said the head of Israel's military intelligence this week. The evacuation of Beirut by the Palestine Liberation Organisation, if and when this occurs, will not affect the presence of Syrian troops occupying the eastern third of Lebanon. The drama of the siege of Beirut over the last two weeks has masked the wider question of who will rule Lebanon. The presence of the PLO in West Beirut is only one aspect of this problem. Throughout the country authority is divided between the Israelis, Syrians, Christian militias, the PLO, and the Moslem and Leftist factions. Israel is clearly the dominant military power in Lebanon, but Jerusalem will not find it easy to make its authority stick. The row with Washington over the bombardment of Beirut has made it more difficult for Mr Menahem Begin, the Israeli Prime Minister, to use the military option.

This may turn out to be one of the most important consequences of Gen Ariel Sharon, the Defence Minister, overplaying his hand by appearing to sabotage the Habib peace mission. He has made it much more difficult for the Israeli army to throw the Syrian forces out of Lebanon by the same mixture of diplomatic and military pressure which has been employed against the PLO in West Beirut.

Senate gym has critics in a lather

By Reginald Dale, U.S. Editor, in Washington

AN OUTRAGED Washington Post calls it "gymnastics." It has shocked opponents of unnecessary extravagance at a time of painful cuts in public spending. It has been bitterly assailed by Senator William Proxmire, the Wisconsin Democrat best known for his relentless one-man crusade against waste and fraud. But the Senate went ahead regardless. By 50 votes to 48, a coalition of Democratic and Republican Senators this week authorised the spending of almost \$750,000 to complete work on their own private gymnasium. Many of the project's opponents have argued that the Senators, many of them elderly or infirm, do not need a gym at all. What has particularly upset the critics is that this will in fact be the Senate's third private gym, available just to the 100 Senators.



Proxmire... bitter

Arguing in favour, Senator Bennett Johnston, of Louisiana, maintained that the second of the existing gyms, which does not have a swimming pool, was not really a gym but an "exercise room"—meaning that the new gym would only bring the total to perhaps two and a half.

Other supporters said it would be wasteful not to finish the gym, as work had already started. It would be completed later anyway, at greater expense. None of this convinced Senator Proxmire, who pointed eloquently to the spending cuts the Senate had imposed over the past year—in federal assistance for deprived children and the handicapped, in food stamps and in medical assistance to the poor and elderly.

Prime Minister, to use the military option. The central problem remains the absence of any Lebanese state or the materials from which to construct one. Executive authority has always been a tender flower in Lebanon. The election as president of Mr Bashir Gemayel, the Christian militia leader who has ruled his own mini-state in East Beirut and its hinterland since the end of the civil war in 1976, would immediately alienate the Moslem majority in Lebanon. The election of a less controversial figure, or an extension of the mandate of President Elias Sarkis, elected with a strong Syrian backing in 1976, would simply prolong the present power vacuum.

The Israelis and Syrians know this. In addition, the Syrians, while eager to avoid an all-out war with Israel, which they know they will lose, need to hold the Bekka valley to prevent Damascus being outflanked. The Syrian capital is only one hour's car drive from the shattered remains of the Lebanese border post bombed by the Israelis at the start of the war.

Low point in U.S. recession may have been reached in July

BY ANATOLE KALETSKY IN WASHINGTON

INDUSTRIAL production figures published yesterday by the Federal Reserve Board suggest the U.S. recession may have touched bottom in July. Production fell by only 0.1 per cent in July, after declines averaging 2.8 per cent a month in the previous quarter. But the Fed warned that July's improvement was heavily influenced by a 12 per cent surge in motor manufacturing, which has already been reversed by production cuts in Detroit this month.

After falling in 11 of the past 12 months, industrial production in July was 10.3 per cent below the level of a year ago, when the current recession officially began. The recession has left a near-record proportion of U.S. factories idle. In a separate report issued yesterday, the Fed said capacity utilisation fell to 69.5 per cent. This is just half a point above the March 1975 low.

Capital goods industries suffered continuing falls in output and fared particularly badly in capacity utilisation. Business equipment manufacturing declined by 2.1 per cent in July, but consumer goods and defence equipment output increased. Capacity utilisation of materials producers and durable goods manufacturers fell below the low levels of 1975.

However, there was better news on the inflation front yesterday. The Labour Department announced that its producer price index increased by 0.6 per cent in July, after a 1.0 per cent jump in June. Although the decline in producer price inflation was due mainly to falling food prices, yesterday's figures confirm that a new inflationary trend is not under way.

In the year since last July, producer prices have increased by only 3.6 per cent. While this low level of inflation, which was due mainly to sharp falls in energy prices earlier this year, was always thought to be unsustainable, the prices of most goods, other than energy and food, appear to be rising at an annual rate of about 6 per cent.

The Reagan Administration's recent projection of a 6 per cent inflation rate from 1983 onwards now looks increasingly likely. In the short term, however, this may not necessarily be good news for the Administration because low inflation tends to increase budget deficits.

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Falklands move planned at UN

BY RUPERT CORNWELL IN ROME

CARACAS—Argentina, with the support of other Latin American countries, is planning to take the issue of sovereignty over the Falkland Islands to the UN. Sr Juan Aguirre Lanari, the Argentine Foreign Minister, said Argentina planned to raise the matter at the next UN General Assembly meeting. Speaking at the start of a two-day visit to Venezuela on Thursday, Sr Lanari said the move originated as a Mexican initiative and would "have the backing of all Latin American Foreign Ministers." Referring to relations between Argentina and the U.S., which backed Britain during the undeclared war for the islands, Sr Aguirre said: "The facts speak for themselves. They are at a very low point."

The main thrust of the Mexican initiative, said a key aide to the Foreign Minister, is that sovereignty (of the Falklands) belongs to Argentina. Chile, which has its own dispute with Argentina over the islands in the Beagle Channel, was also a supporter of the Mexican plan, said the aide. Sr Jose Alberto Zambrano, Venezuela's Foreign Minister, said that within the next few days he was scheduled to meet Sr Jorge Castaneda the Mexican Foreign Minister, in the city of Caracas. The Falklands sovereignty initiative would be a major topic of discussion, he said.

The Argentine Foreign Ministry has protested at the recent intervention by the British Navy of three Argentine fishing vessels in waters around the disputed Falkland Islands. The Foreign Ministry spokesman said the British actions, on August 5, 7, 10, were "a reiteration of (British) aggression" and said Britain "would be responsible for any incident that might occur in the future." AP

Italy urges Latin America cause

BY RUPERT CORNWELL IN ROME

THE ITALIAN Government intends formally to bring the whole issue of improving relations between the EEC and Latin America, especially Argentina, before the next meeting of Community foreign ministers, probably next month. This is the most tangible result of the trip to Peru, Brazil, and Argentina just completed by Sig Emile Colombo, the Foreign Minister. It was the first visit to the region by a senior EEC minister since the Falklands war, and the first by any foreign minister from the Community since 1978. Although Sig Colombo took no mandate with him, he is said to be well satisfied with the results of the trip. He will be discussing its implications today in Rome at a special meeting with Herr Hans Dietrich Genscher, the West German Foreign Minister.

That the trip took place at all reflects the favourable view of Italy in Buenos Aires and elsewhere in Latin America after its withdrawal last May from the commercial sanctions imposed by the EEC against Argentina, following the latter's invasion of the Falklands. It is dubious, however, what concrete consequences will follow, given Britain's refusal for the moment to consider negotiations with Argentina on the future of the islands. Nor is there any guarantee that Italy's government crisis, which exploded while Sig Colombo was out of the country will be solved swiftly—nor indeed that he will remain foreign minister. Even so, the omens yesterday seemed brighter that a compromise could be found, allowing a general election to be postponed for a few months at least. Sig Claudio Signorile, a Socialist cabinet minister, said yesterday that a "caretaker" Government to explore means of institutional reform and take necessary economic measures would be acceptable. Sig Giovanni Spadolini, the Prime Minister-designate, has put forward a mispoint draft on such reforms which the members of the outgoing coalition are now examining.

Magazine threatened

The 58-year-old U.S. monthly magazine Saturday Review is in financial trouble and a deadline of midday on Monday has been set for deciding its future. Reuter reports from New York quoting the New York Times. The magazine, specialising in cultural affairs and literary criticism, has experienced financial troubles often and was declared bankrupt in 1973.

attempts to turn their military gains in Lebanon to long-term political advantage. To be the dominant power in Lebanon they need to maintain the threat of the use of force. Even accompanied by intense U.S. political pressure, negotiations for a Syrian and Israeli withdrawal look too complex to succeed. Israel certainly wants to hold its chunk of Lebanon until after the presidential election. The most likely outcome is a quasi-partition of Lebanon into spheres of interest for the time being, with one-third dominated by Syria, says Mr Yitzhak Rabin, the former Israeli Prime Minister. No neat solution is in prospect in Lebanon, with or without the PLO. Israel looks set to keep a tight grip on the south of the country, but will have a problem in institutionalising its military dominance. The threat of a return to all-out war will remain an ever-present danger.

Mideast loan for NZ

New Zealand has arranged to borrow the equivalent of NZ\$100m (£45.5m) from a Middle East source, Mr Robert Muldoon, the Prime Minister, announced yesterday. Reuter reports from Wellington. Mr Muldoon, who is also Finance Minister, said the borrowing was arranged through the Reserve Bank of New Zealand and negotiated in line with market conditions. He has declined to give further details.

Nato navy chief

Vice Admiral Wesley McDonald has been appointed commander of U.S. and allied naval forces in the Atlantic, AP reports from Washington. Adam McDonald, now Deputy Chief of Naval Operations for Air Warfare in the Pentagon, will succeed Adm Harry Train, who returns at the end of next month.

Turkish inquiry

Turkey's military regime yesterday ordered an investigation into claims that Mr Kaya Erdem, the former Finance Minister, "ignored" wrongdoings in a state-owned sugar company. AP reports from Ankara. Mr Erdem will be charged with "gross negligence" and "abuse of authority." Turkiye Sektir Fabrikalari (Turkish Sugar Factories) is a large public sector enterprise with close to 20 factories in various parts of Turkey and hundreds of employees.

Border guards shot

Soviet frontier guards have shot and killed two Turkish soldiers along the mountainous border between the two countries, according to the Turkish embassy in Moscow. AP reports from Moscow.

India offers treaty

India has formally offered Pakistan a treaty of peace, friendship and co-operation after two days of bilateral talks in Islamabad between senior government officials of the two countries, Reuter reports. The Indian offer, which would include a non-aggression pact already proposed by Pakistan, was the only new element to emerge from the talks which ended on Thursday.

Sri Lanka oil deal

Sri Lanka and India will sign an agreement next week for the joint exploration of petroleum resources in the Palk Straits, our Colombo correspondent writes. U.S. and West German companies are also competing for rights to explore oil at three locations off the southern coast of Sri Lanka near Galle and off the eastern coast near Pottuvil. Requests by the Soviet Union and Romania have been turned down.

Cottage gem industry boosts Thailand's trade figures

BY JONATHAN SHARP IN BANGKOK

IF A girl regards diamonds as here best friend, then Thailand entertains similar affections for sapphires and rubies. These stones dominate a gem industry that has recorded quite phenomenal growth in the past two decades, and even in the midst of recession the graph of Thai gem exports climbs upwards at a satisfyingly steep rate. Definitive trade figures are hard to come by in a notoriously secretive industry that has shown itself adept at circumventing the law. But the Thai Customs Department estimates that gem exports will top 5bn baht (£128m) this year after being worth negligible amounts in 1960. To put the figures into context, Thailand earned 28.3bn baht (£677m) from its leading export, rice, in 1981. Japan, the U.S., Hong Kong and Switzerland are among Thailand's traditional customers, and the oil-rich nations of the Middle East are a growing market. The recession has hurt the prices of sapphires, but the

increasingly scarce rubies have tended to hold their value. The gem trade is by no means one way. Thailand is not only one of the world's leading producers of gems, it also exports substantial amounts of "rough" stones for cutting and processing. Unknown quantities of gems also arrive illicitly from Burma, and some are smuggled by refugees from Kampuchea, which is said by some to be the source of the world's most exquisite sapphires. The huge U.S. presence during the Indochina war gave an important boost to Thailand's gem industry. Gems, flush with dollars, were happy to spend their money in the jewellery stores and "lapidaries" that sprouted in Thailand's tourist centres. But now that most of the Americans have gone, the two most important factors that have sustained the industry's high growth have been Thailand's low labour costs and the

highly chancy business for the uninitiated. Mr John Melrose, a U.S. lapidary who is one of a handful of expatriates who have managed to get themselves into the tightly-knit industry here, explained that there is no substitute for hard-won expertise—and even the experts can blunder. Gems such as sapphires and rubies come in all sorts of shapes, sizes and colours and therefore do not lend themselves to the kind of grading and classification that is possible with diamonds. In addition, there is no shortage of unscrupulous dealers who are trying to palm off man-made gems as the real thing and some of these synthetics are extremely cunningly crafted. Mr Melrose concedes that he himself has been hoodwinked on occasion, to his considerable cost. If a specialist like him can make mistakes, what hope is there for the gullible tourist who is ignorant of the dangers?

The Thais are at the forefront of the dubious sounding but quite accepted technique of 'cooking,' a process whereby the colour of gems is enhanced by heating in ovens commonly made out of 20-gallon oil drums. recognised dexterity of the many thousands of Thai gem cutters. The Thais have also been at the forefront of the dubious-sounding but quite accepted technique of 'cooking,' a process whereby the colour of gems is enhanced by heating them in ovens that are commonly made out of 20-gallon oil drums. As the latter practice suggests, the gemstone business in Thailand still bears the hallmarks of a cottage industry. In particular, the mining of gems is primitive and family-based. The estimated 200,000 gem miners use shovels and baskets to sift through shallow pits in pursuit of the nondescript hunks of stone from which the

faceted and polished gems are fashioned. The mining capital of Thailand is the equally nondescript town of Chanthaburi, south-east of Bangkok, where buyers gather at week-ends to wheel and deal at scores of small street stalls. Business is at its most brisk between 10 am and 3 pm, when the sun is at the right angle for examining the quality of stones. The Thai gem industry is a hazardous one. The crime rate is high and official controls are at a minimum. Stories abound of light-fingered miners or cutters who have tried to secrete likely-looking stones—often by swallowing them—and have come to sticky ends. Dealing in gems is also a

This is a problem that Thailand has not yet seriously addressed. While there are many highly reputable dealers here, the underhand operations of a few have tainted the local market and no proper regulatory authority exists to deal with them. This lack of controls may be partly because the tourist market is tiny compared with the direct export trade, and the latter is handled by experts who for the most part have no need to resort to official protection. Indeed the specialists would probably resent the imposition of controls on the grounds that they could disrupt an obviously thriving trade. The current system may result in a few tourists being robbed, but for most people involved in the gemstone trade, it serves very nicely.

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UK NEWS

Building society records broken

By Michael Cassel
BUILDING SOCIETIES had a record-breaking month in July. Net receipts from investors reached a monthly peak and the societies advanced an unprecedented amount to home-buyers.

Building Societies Association figures published yesterday confirmed that several factors in the societies' favour during July led to an unprecedented savings inflow. The societies took in £3.15bn from investors and, after withdrawals, held £699m of new money. The increase of £276m compared with the previous month, was as much as the societies received during all of March.

At the same time, borrowers paid £715m of their mortgage debts and that became available for loans to new customers. During July, the societies advanced £1.45bn and promised £1.36bn. Commenting on the results, Mr Richard Weir, secretary general of the association, said: "By exceeding their previous records for both inflows of new savings and advances for house purchases, societies have shown once again how popular they are with investors and borrowers alike."

Interest rate reductions by competitors during July gave the societies their biggest bonus, which was enhanced by a rush to invest in some building society term shares, which were offering 2 percentage points above the ordinary share rate but were due to be withdrawn.

Also, the societies encountered little competition from National Savings, their arch-rival for personal sector savings. They also paid out half-yearly interest to investors, much of which was directly re-invested in savings accounts.

The position is likely to change, however, as the societies do not expect receipts in August to be much greater than £400m, despite the fact that their own interest rates are not to fall until September.

The introduction this month of a National Savings bond and the doubling of the limit on holdings of index-linked certificates, will provide fresh competition for the building societies.

The recent high level of net receipts has pushed the societies' liquidity to historically high levels. By the end of June, their liquid funds accounted for almost 20 per cent of total assets. As a result, they are well placed to meet any increase in mortgage demand stimulated by mortgage rate cuts.

Jobs plan off to good start

By Maurice Samuelson
A SCHEME to create 6,000 jobs in the Manchester area over the next three years has made a flying start in its first two months, says Greater Manchester Council.

Under the £35m programme, funded jointly by the council and the EEC, companies are helped to finance the wages of staff recruited from the dole queue. The council said this week that since the scheme started two months ago, it has approved applications resulting in 590 jobs.

Barclays colours Saturday banking red

The tills open today in big bank bid to attract deposits. William Hale reports.

"AT LAST we're at work when you're not." With this slogan Barclays Bank today becomes the first big bank to open its branches on Saturday morning for 13 years. At 9.30 Mr John Quinton, Barclays senior general manager, will be behind the till at the bank's Ruislip branch to serve the first customer.

The high street banks made a bad mistake in 1969 when they decided to close on Saturday morning, says Mr Quinton. They lost out to the building societies, whose deposits jumped from £8.6bn to £56.4bn—a third more than the banks.

Barclays reckons that 30 per cent of the building societies' funds are paid in on Saturday morning and Mr Quinton and his team want to recapture those lost deposits. "Nearly 4.5m working people do not have any form of cheque account," says Mr Quinton. Many would open a bank account if they could get to a bank on Saturday. Barclays hopes that by opening 34

branches today and 400 by September 11 it can attract custom. Other bankers are sceptical about the move. They say cash dispensers give customers a 24-hour service, and if bank managers are not working on Saturday mornings customers will be unable to discuss sizeable transactions such as finalising a house mortgage.

Mr Quinton, who represents the more aggressive breed of manager surfacing in Britain's traditionally sleepy clearing banks, dismisses such suggestions. "Deposits are our life blood and we need a further infusion."

The banks have traditionally relied on customers leaving cash idle in current accounts to fund their lending. But these days are over, Barclays says that current accounts, which accounted for 40 per cent of

domestic funds in 1978, now provide only 25 per cent and the proportion is falling steadily. Barclays hopes that if customers are able to cash cheques on Saturday they will keep more money with the bank during the week. Other bankers are not convinced. They point to Barclays' aggressive move into the mortgage market two years ago. Aside from finding a safe outlet for the bank's funds, the initiative was aimed at winning new deposits.

While Barclays and the other banks won business, they all admit that the other side of the equation—winning deposits—has been a flop. Several senior bankers believe that Barclays' latest exercise in opening on Saturday will fare as badly. However, Mr Quinton is enthusiastic. Barclays on Saturday will be quite different from

Barclays on Monday to Friday," he says. "Instead of normal Barclays blue, everything will be red, we shall try to make the branches look different because it is a different service," he says. The banks will offer a basic service only. Customers will be able to draw up to £200, deposit money and rearrange standing orders. The strongrooms will remain closed. The bank says that over 12,000 staff have volunteered to work Saturdays for an average £30 for three-and-a-half hours. As the bank only needs 3,000 volunteers on any one day, it sees no problem in maintaining the supply of volunteers.

The trade unions are not so optimistic. The Banking, Insurance and Finance Union has threatened to "black" Saturday transactions as they are processed on Monday. Mr Quinton, however, is confident. He says he has enough volunteers and the unions will not be too much of a problem.

£185m credits for Brazil signed

BY ANDREW WHITLEY IN RIO DE JANEIRO

AGREEMENTS to lend £185m to Brazilian companies have been signed in London. Lloyds Bank International (LBI) leads the package of credits, which represents the biggest success for the Memorandum of Understanding of last October between the UK and Brazilian governments.

Most of the credits agreed are to support contracts won by GEC to supply equipment for an urban railway system in Recife, on Brazil's north-east coast. GEC is to provide trains, electrification and other equipment for a 12.86-mile stretch of

railway, including 17 stations, to ease access to one of the most important cities in the north-east of Brazil, which is developing rapidly but remains poorer than the more industrial south. A loan, worth £161m and backed by the Export Credit Guarantee Department, is being made to Empresa Brasileira dos Transportes Urbanos, the federal body responsible for the Recife project. A further Euro-market loan of \$102m (£60m), raised on the strength of the project, will be provided by a syndicate led by LBI.

An important Brazilian motive for the October agreement with the British Government was to meet debts falling due by raising as much additional foreign finance as possible. The new agreements also include a \$60m Euro-market loan to a big Brazilian contractor, Constructora Norberto Odebrecht, which will handle the civil works. About 30 London-based banks were represented yesterday at the ceremony, attended by Sr Cloraldino Soares Severo, the Brazilian Transport Minister.

On Thursday, Sr Soares was present at the signing in London of buyer credit agreements worth £37.5m for Sunamam, the Brazilian state shipping authority. Further Euro-market facilities worth \$21m are being provided by LBI. The finance for Sunamam will help the Brazilian agency out of its increasingly difficult plight over foreign debt. However, it is normally to allow two private Brazilian shipping companies, Kommar and Hipermar, to purchase two ro-ro vessels from British Shipbuilders.

Foot and Healey unopposed

By Peter Riddell, Political Editor

THE LABOUR Party leadership untroubled the first hurdle in its long autumn contest as Mr Michael Foot and Mr Denis Healey were unopposed when nominations closed last night. The party will thus avoid a repeat of last year's bitter election battle for the deputy leadership between Mr Healey and Mr Tony Benn.

But the party conference at Blackpool at the end of September promises to be lively, with the left-wing attempting to regain places on the national executive lost last year and to resist the leadership's proposals for a register of approved non-affiliated organisations.

The prevailing view after a lengthy debate within the various left-wing organisations about whether Mr Benn should challenge leadership positions this year was that the time would not be right.

The date of the by-election in Gower, South Wales, was yesterday confirmed as Thursday, September 16. It has been caused by the death two months ago of Mr Ifor Davies, who held the seat for Labour since 1959.

Mr Garath Wardell will defend a 1979 Labour majority of 10,641 against Mr Gwynor Jones for the SDP and Tory Mr Trevor Llewellyn, who pushed up his party's share of the vote sharply at the last election. The Plaid Cymru candidate will be Mr Iwan Owen.

Xpelair wins Saudi order

Financial Times Reporter
XPELAIR has won its biggest export order. It is to supply nearly 23,000 extractor fans for Saudi Arabia's National Guard housing project.

The contract was awarded by Dumez, a French contractor. The order, worth £370,000, is to supply specially adapted extractor and duct fans for kitchens, bathrooms and lavatories in more than 4,500 houses. Xpelair, a General Electric Company subsidiary, won the order against companies including Ventaxia, Micae and Helios of West Germany, Voice of Italy and Helix of France.

Investors to form Signal Life action committee

BY ERIC SHORT

INTERMEDIARIES who invested in the Gibraltar-based company Signal Life are holding a meeting in Manchester on Wednesday to establish a committee to co-ordinate action on behalf of clients. The meeting is being called by two registered insurance brokers, Mr Andrew Lothian of Lothian Insurance Brokers, Dundee, and Mr Bob Barclays of Barclays Brokers in Boston, Lincolnshire. Both were major investors in Signal Life.

Signal Life is being questioned by the Gibraltar authorities and is the subject of legal action by the Hongkong and Shanghai Bank Trustee (Jersey), which was forced to gold bonds marketed by the company. They were marketed in the UK by Hanover Financial Services in the latest issue of British Airways News.

Mr Watts says that the plans already announced to reduce staff by 7,000 to 35,000 by next spring will help to make the airline more competitive and

Ford hopes for peak sales

By Kenneth Gooding, Motor Industry Correspondent

FORD EXPECTS to sell more cars in Britain this month than in any other in its history. The company's previous best monthly performance was last August with 72,900 registrations. The introduction of the new registration suffix letter in August—this year Y—always gives business a boost. The trade reckons it will deliver at least 10 per cent of the year's total new cars this month.

Ford predicted that about 255,000 new cars of all makes would be bought this month. With the results of the first 10 days available, Mr Ernie Thompson, marketing director, believes the total could be 275,000. That would represent more than 18 per cent of the 1.5m full-year registrations the industry expects.

According to figures circulating in the industry—not supplied by Ford—registrations in the first ten days of August totalled about 165,000. But there is thought to be suffering some distortion because of delays by dealers—because they are so busy—in registering new vehicles.

As expected, the import content was high because August is a month where private buyers—against the company fleet operators—tend to predominate. After 10 days more than 60 per cent of the new cars registered were imports, showing that private buyers are less prone to buy British than are company fleets.

The two leading traditional importers Datsun UK and VAG, the Volkswagen-Audi concern, both had higher-than-usual penetration at 6.5 per cent each in the early August period while Volvo was up at 4 per cent. About half of Ford's 49 per cent market share so far in August was accounted for by "captive" imports from Continental plants. Vauxhall had a market share of over 10 per cent with the help of imported cars.

Neither BL, with an early-August share of just over 16 per cent, nor Talbot UK, with about 3 per cent, will be satisfied with their showing. But BL's penetration usually improves as the month progresses.

More UK news on Page 15

of the larger Barclays Group Staff Union rejected industrial action by four-to-one in a ballot.

However, Bifu hopes the cumulative effect of its action will force the bank to negotiate on the union's claim for a shift, 28-hour week, and a four per cent premium of at least 15 per cent. At present, Barclays is using volunteers to staff its branches on Saturdays. They will receive extra payments of between £24 and £40.

Bifu believes the Barclays move is regressive and represents an extension of working hours against the trend.

Du Cann pulls back from race to be Speaker

By Peter Riddell, Political Editor

MR EDWARD DU CANN, the MP for Taunton and the chairman of the Conservative backbench 1922 Committee, no longer appears to be a candidate for the Speakership of the House of Commons when Mr George Thomas retires.

It was reported last night that Mr Du Cann had told friends in his constituency that he was not interested in the job and was not in the race. Mr Du Cann's name was first mentioned a couple of months ago, though this may have been a tactical leak by his opponents among senior Ministers. It soon became apparent that Mr Du Cann would face opposition from a sizeable group of Labour MPs.

He is a controversial figure and a formidable champion of the rights of Parliament against the executive, and of backbenchers, as the chairman of several leading committees in the House. Mr Thomas is expected to resign around Christmas or New Year. He will not be standing in the next election.

Mr Bernard Weatherill, the MP for Croxford North-East, is the present Deputy Speaker and is the favourite to succeed.

GLC grant saves London studio

Financial Times Reporter

RIVERSIDE STUDIOS, the west London arts centre threatened with closure, has been saved by a £36,000 grant from the Greater London Council. The rescue plan, which secures the studios' future until mid-November, has however several conditions, one of which requires the Riverside to raise £20,000 to make up the £35,000 needed.

A development plan, involving offices and a media centre on land owned by the Riverside, should make the studios self-supporting. However, opposition to the plan by a Liberal councillor who holds the political balance on the hung Hammersmith and Fulham borough council, has threatened the studios with collapse. Ms Erica Bolton, for the Riverside Studios, said an appeal had been immediately launched to raise the £20,000. Trustees were confident that the sum would be secured.

Employer's warning on bank opening

By Brian Groom, Labour Staff

BARCLAYS BANK staff could be suspended without pay if they take industrial action over the reintroduction of Saturday opening, the bank warned yesterday. The Banking, Insurance and Finance Union is asking its 15,000 members among the bank's 70,000 UK staff to black Saturday-related work on weekdays.

The first 34 branches open this morning. The industrial action began yesterday, but Bifu officials expect only a small effect initially. They believe the action will begin to bite in the months after the full 400-plus branches open in September.

Bifu feels the bank is unlikely to provoke trouble by disciplining its members. However, Barclays officials believe Bifu members' response on Monday and Tuesday will be intransigent. In a staff newsletter the bank said: "Staff should be aware that a refusal to undertake duties will be regarded as a breach of contract and could result in suspension from duty without pay."

In the circumstances, we feel it only right that staff should know what the consequences may be if they support the Bifu industrial action," the bank said. It is believed that staff who black work will be interviewed by management and then given time to think before being called in again.

If they still refuse to handle the work, they will be sent home—at the risk of a reaction from fellow branch members. Bifu, the minority union, is likely to be able to thwart Barclays on its own. Members

LABOUR NEWS

Geraghty should have done more to prevent strike, says judge

BY PHILIP BASSETT, LABOUR CORRESPONDENT

THE HIGH COURT yesterday found Mr Sean Geraghty, secretary of the Fleet Street Press branch of the Electrical and Plumbing Trades Union, guilty of contempt of court.

Mr Geraghty was fined £350 for breach of a court injunction, granted to 12 newspaper publishers and one distribution combine against eight named print union officials, which sought to prevent a strike in sympathy with health workers.

Mr Justice Leonard, who granted the injunction to the Newspaper Publishers Association, said in the contempt hearing Mr Geraghty should have done his best to prevent the action of his members which stopped production of all national newspapers for Wednesday.

Mr Geraghty could have done something to reverse the situation that had built up. While he was guilty of contempt, it was not a serious contempt of the court, and the breach of the injunction not a case for committal. He rejected submissions that the proceedings were "misconceived." He said he considered that, despite complaints about the way in which Mr Geraghty had been informed of the court order, the terms of the injunction were clear.

The NPA, which is still considering whether to press for a full trial, claims it was aware of £4m worth of papers as a result of the electricians' action.

Mr Tony Grabiner, QC, representing the NPA, told the court in London that despite the fact Mr Frank Chapple, general secretary of the EPTU, had strongly recommended that members not strike in support of the health workers, the electricians went ahead. Their stoppage damaged the publishers, retailers and advertisers and came at a time when the industry could ill afford it.

He insisted there was no dispute between the newspaper proprietors and the relevant unions. The unions' action was plainly unlawful conduct. Mr Grabiner said every effort had been made to contact Mr Geraghty to serve him with the court order and with the writ. There was considerable evidence to show Mr Geraghty was aware of the court order and its effect.

In a statement read out to the court, Mr Geraghty said he first read of the court order in the newspapers and at that time his members were already on strike. A letter had been delivered at his home. This had been handed to him by his wife in a Fleet Street pub. He explained that he had been available at specified times if anyone had wanted to contact him.

However, he insisted he had not known the court order. "Even if I had learned the order of the court had been made, there would have been nothing I could have done which could have meant cancellation of the decision."

Referring to the meeting which originally called for the strike, Mr Geraghty's statement said: "I had no intention at that meeting to go out and deliberately break the law. There had been no order, instructions, directions or advice given by me in relation to the stoppage."

"Neither could I have withdrawn the vote or changed the decision of the meeting. My role was only that of branch secretary whose members had taken a decision."

Mr Geraghty insisted that at the meeting he had neither proposed nor seconded the resolution to take action. He had not indicated to his members to do or not to do anything.

Misconceived All members had been invited to attend, but even if the court order had been known, there was nothing that could have been done. In view of the shift system worked by electricians in newspaper offices, time was needed to give members notice of meetings.

Mr Turner Samuels, QC, for Mr Geraghty, said the NPA's application for the imprisonment of Mr Geraghty was "misconceived." He said no copy of the court order had been served on Mr Geraghty. A copy of something purporting to be an order of the court was served but it was not, in fact, an order of the court. What was served on the defendant was purported to be a perpetual injunction, not a temporary one as in fact it was. He said this was an important lack of compliance with the legal technicalities relating to court injunctions. It had always been law that a person should not be committed to prison for a contempt of court order unless all that had been required to have been done "was done" correctly and technically.

Shipping council exodus worries seamen's union

BY BRIAN GROOM, LABOUR STAFF

SHIPPING companies in the recession-hit coastal sector are pulling out of the General Council of British Shipping, the employer's body, in increasing numbers.

The trend has alarmed the National Union of Seamen, which fears the growth of a new union sector paying wages below those agreed with the council. GCBS officials are also privately worried.

The council has lost 25 member companies in the past 18 months and now has about 150. Members have a number of reasons, including business failure and amalgamation, but a number are believed to have simply defected.

Mr John Nelson, acting assistant national secretary, said: "What we definitely do not want is a large, non-unionised and non-unionised sector. That would allow standard vessels with low-paid, even non-UK crews to trade freely around the coast, making it extremely difficult for NUS-managed ships to compete or even survive in the longer-term."

The NUS's 1,400 members on P & O's seven cruise ships have voted to accept a pay and conditions increase which they value at between 8 and 9 per cent.

It includes an increase of £238 a year from September 1 and six extra days' leave, taking the entitlement to 96 days a year for leading hands and 90 days for other ratings. Other elements include a rise in local leave allowance from £200 to £250.

British Leyland sacks firemen

BRITISH LEYLAND has sacked eight firemen found sleeping on duty, the company announced yesterday.

The men were sold to have been found asleep at the company's Land-Rover plant at Solihull, West Midlands. The company said: "A number of firemen have been dismissed this week for conduct considered to be in breach of duty."

London postal dispute ends

A POSTAL workers' dispute which led to the closure of 600 post boxes in North London on Tuesday has been resolved.

Sorting staff at the northern district office took unofficial industrial action over working arrangements and efficiency measures. Post boxes in districts N1 to N22 are being reopened.

Medical journal attacks marketing of Opren drug

BY DAVID FISHLOCK, SCIENCE EDITOR

THE BRITISH Medical Journal is critical of "explosive" marketing tactics by Dist Products, a Lilly Industries subsidiary, in launching its anti-inflammatory drug, Opren, in Britain in 1980. Opren's product licence was suspended for three months by the Committee on Safety of Medicines on August 3, after reports of 61 elderly patients since April. The company is thus prevented from promotion and supply of the drug.

In a leading article today, the journal says that, on medical grounds, explosive marketing "makes no kind of sense." Dist's promotion campaign was highly successful, it says, and Opren had been prescribed for

Little comfort for cold cure

By David Fishlock

THE DRUG interferon will never be the "magic bullet" for curing colds, according to The Lancet medical journal published today. The chance of the drug ever falling into the aspirin price-range is remote even if made by genetic engineering. Those who are able to afford it will need to know when they are exposed to infection to use it effectively. Supply problems could lead to a black market, it predicts.

The journal's main worry, however, is that a preoccupation with curing colds may distract away from its use in illnesses such as influenza, hepatitis, Lassa fever, Ebola virus, and tumours, which may well respond well to the drug.

Raleigh lays off 400 at Nottingham headquarters

BY LORNE BARKING

TI RALEIGH, the bicycle manufacturer, has announced 400 redundancies at its Nottingham headquarters. The company, part of the TI Group, made a trading loss of £3.2m in the first six months of this year. Losses in the same period of 1981 were about double that.

Mr Roly Jarvis, managing director of TI Raleigh, said the redundancies were part of the company's strategy to reduce costs and increase market share. Domestic orders had improved lately, he said, and Raleigh had raised its UK market share from about 35 per cent last year to 45 per cent, mainly through more aggressive marketing and new products.

Employer's warning on bank opening

By Brian Groom, Labour Staff

BARCLAYS BANK staff could be suspended without pay if they take industrial action over the reintroduction of Saturday opening, the bank warned yesterday. The Banking, Insurance and Finance Union is asking its 15,000 members among the bank's 70,000 UK staff to black Saturday-related work on weekdays.

The first 34 branches open this morning. The industrial action began yesterday, but Bifu officials expect only a small effect initially. They believe the action will begin to bite in the months after the full 400-plus branches open in September.

Bifu feels the bank is unlikely to provoke trouble by disciplining its members. However, Barclays officials believe Bifu members' response on Monday and Tuesday will be intransigent. In a staff newsletter the bank said: "Staff should be aware that a refusal to undertake duties will be regarded as a breach of contract and could result in suspension from duty without pay."

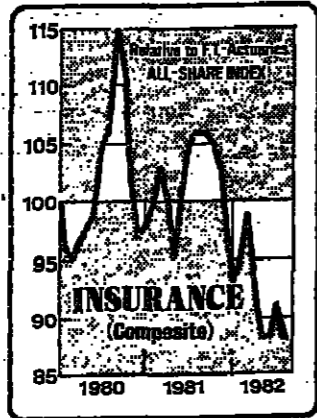


THE WEEK IN THE MARKETS

A relaxing ride on gilt-edged

The gilt-edged market has gone on making the running this week. It has reached a higher level than for three years past, despite chewing its way through appreciable new offerings of stock.

LONDON ONLOOKER



Which is not to suggest that all is joy at FT. The group has scrambled back to a firm loss (before property items) from a £33m loss in the first half of 1981.

TI's total sales are up by 5 per cent, with a 10 per cent drop at British Aluminium—reflecting the withdrawal from sales of primary aluminium following the closure of the Invergordon smelter—offset by the consolidation of King Fifth Wheel in the U.S.

Commercial Union's profits drop—it made interim pre-tax profits of £14.2m, as against £41.2m—and the fact that it broke with tradition by only maintaining the interim dividend.

A recent increase in motor rates—the first for two years—provides small consolation for the unexpectedly large underwriting losses on the commercial side.

In common with its competitors GA is set to experience a slower rate of investment growth, but it will find cost cutting less easy to achieve, as it has been slower in its drive towards account computerisation.

The market now waits with heightened interest for Royal Insurance's interim results, to be announced on Monday.

Commercial accident

Within the composite insurance sector General Accident enjoys a more fragrant reputation than Commercial Union, but GA's figures prove the bigger disappointment to the market.

Life on the wave

The quality of Ocean Transport's earnings has never been so good, while the company has ensured that their make-up is impenetrable to the naked eye, but at least there has been widespread confidence in the market that the dividend was safe.

TI trims

TI Group—formerly Tube Investments—has been one of the stock market's favourite targets for ugly rumours, mainly centring around threats to the solvency of its 58 per cent subsidiary British Aluminium.

MARKET HIGHLIGHTS OF THE WEEK

Table with columns: Price, Change, 1982 High, 1982 Low. Rows include FT Govt Secs Index, FT Ind. Ord. Index, Black and Edgington, Bloedays, Dwek Group, Eagle Star, Floyds, Flood Oil, General Accident, Hongkong and Shanghai Bkg, Hoover A, Jardine Matheson, Jardine Secs, Johnson Grp. Cleaners, Kennen Motor, LASMO, M.L. Holdings, Manchester Ship Canal, Ocean Transport, Quest Automation.

Interest rate hopes

However, the trading outlook is deteriorating fast enough for the Board to warn shareholders not to take the final dividend for granted.

Perkins' 3%

The big UK diesel maker, Perkins Engines, was once described as the jewel in the crown of the Canadian farm equipment group, Massey-Ferguson.

Cornish tin still intrigues

THERE HAS always been something of an air of romance and intrigue about the Cornish tin mining industry, although the miners who work in the narrow and dark spaces of the old mines may not find it very romantic.

They may, however, be intrigued to know why London's big Charter Consolidated has announced to take over the old South Crofty mine which was in business back in 1857 when Mr R. Tredinnick produced his "Review of Cornish and Devon Mining Enterprises."

They will have to close. The others, of course, will be earning less until tin prices are much higher than at present. So the outlook is not very promising in the near term for the Far Eastern and Australian tin mines.

group with a stake of some 10 per cent. RTZ also has other interests in Cornish tin, including ownership of the relatively young Wheel Jane and Mount Wellington mines plus a stake of 17.9 per cent in the veteran Grevor Tin Mines.



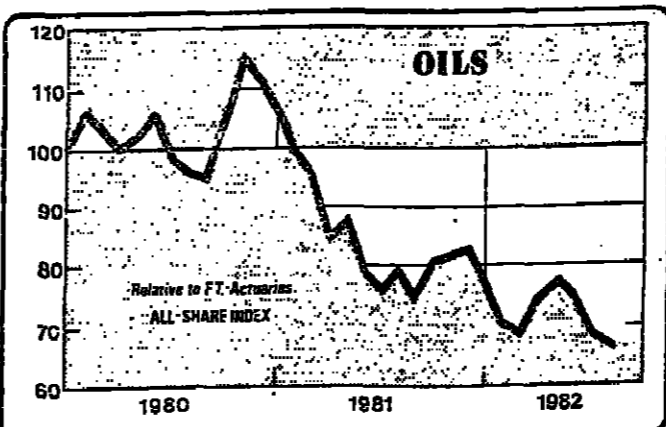
In Gaborone, Botswana, a Baswana girl sorts diamonds from De Beers big new Jwaneng mine. It has been described by Mr Harry Oppenheimer as "probably the most important kimberlite pipe discovered anywhere in the world since the original discoveries in Kimberley more than a century ago."

MINING KENNETH MARSTON

CHARTS DON'T LIE! How many people make money in the stock market? Very few. Why? Because most of the information they get is regularly wrong.

Expenses not allowable

My wife is employed at a place close to her home and in addition has income from letting a furnished house situated in another town.



NEW YORK

PAUL BETTS

IF IT HAD been a newly released motion picture, it would probably have been called "Financial tales from the crypt."

The week started with a bank—or more appropriately a bust—with the collapse of the \$5bn proposed merger between Gulf Oil and Cities Services which sent Cities Service stock nosediving and threatened investment houses and professionals with some spectacular losses.

Under the terms of the joint venture, Chrysler takes 97 per cent of the equity in return for supplying the plant and most of the cash. Perkins gets only 3 per cent for its know-how on converting petrol engines to diesel and its worldwide marketing network.

A week of horrors

NEW YORK

PAUL BETTS

These extreme moves helped sustain the stock from dropping ever further. But it still looks as if it will be a long day for Cities Service, its shareholders and professionals exposed in the stock before they can shake.

As a measure of the shock waves the Cities Service affair sent across Wall Street, John Phelan, the President of the New York Stock Exchange, disclosed that the exchange had canvassed its members this week to gauge the impact of the Cities Service share collapse.

The week started with a bank—or more appropriately a bust—with the collapse of the \$5bn proposed merger between Gulf Oil and Cities Services which sent Cities Service stock nosediving and threatened investment houses and professionals with some spectacular losses.

And if Wall Street were not sufficiently unsettled by Cities Service and Lombard-Wall, the general economic news continued to be awful.

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

My property is divided from the roadway by a hawthorn hedge, estimated to be some sixty years old, which has been trained in the 30 years plus that the house has been built.

Liability for a hedge

My wife is employed at a place close to her home and in addition has income from letting a furnished house situated in another town.

Final payment a legacy

A sports club and tax

Pension for teachers

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sum together) to roughly two-thirds final salary, the Inland Revenue maximum. You can buy an annuity with the lump sum or invest it.

The teachers scheme is however weak in comparison with good private sector schemes in terms of widow pension rights.

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# YOUR SAVINGS AND INVESTMENTS

Big Brother in a Croydon basement: Rosemary Burr reports

## Creditworthiness, the computer and you

IF YOU have borrowed money from a finance house or signed an interest free credit agreement with a store the chances your name is on computer in Croydon basement. The computer is the heart of the United Association for the Protection Trade (UAPT), the largest independent credit information agency in the country.

UAPT, which was established in 1942, is funded by its 10,000 members who pay a small annual subscription and a fee each time they seek information. All the major financial institutions including the banks are members.

UAPT stresses that it does not make credit assessments of consumers but its members use the information stored in its computer when they are deciding whether or not to give credit.

Ruth Cohen, the head of consumer support at the National Consumer Council, says "people are just not aware of what information is kept about them." She thinks people using UAPT's services should be obliged to tell their customers what they are doing and to let them know that for a 25p fee they can check the accuracy of the information stored.

Consumers are relatively well served by legislation on credit because the Consumer Credit Act says people are entitled to

see files about them. In contrast, there is no right to see medical reports or local government files.

In addition, despite the fact that the census is said to be secret and confidential, the electoral register is available to companies like UAPT.

Anyone who is on the electoral register will be able to find their name printed on a small sheet of plastic at UAPT's office. One of the first things companies considering granting credit wish to check is the customer's name and address.

David Plevin, UAPT's marketing director, says use of the electoral register "cuts out some of the fraud. It prevents people using lots of names and giving their correct address or alternatively giving their neighbour's address." He also argues "there is a behavioural link between not filling in your electoral register form and having problems with making payments on a loan."

A quick survey round the office elicited the information that three colleagues, whose creditworthiness I would not doubt, were not on the electoral register.

More useful to finance houses and the like is the 7m bits of information called by UAPT from its members and official sources. First, there is official information which consists of

personal bankruptcies and the firm or so County Court Judgments made each year. This information is kept on file for six years.

Then there is member-supplied data. When finance houses grant you credit they will pass on the details of the agreement and your payment record to UAPT. This provides a picture of your credit record. However, as holding data is expensive this type of information is destroyed after three years.

Last, every time a member seeks information on a customer then this fact is recorded. During 1982 there have been about 330,000 searches on individuals a week, although the recent lifting of hire purchase restrictions has boosted this figure by 20 per cent.

One of the chief concerns about the sort of data held by UAPT must be its accuracy. People who fill in requests for credit agreements in virtually illegible handwriting are all too common. As a result information about a single person may be held under slightly different names.

To get round this problem, as well as those people who use their neighbour's address, the computer has been programmed to provide information on people with similar names and/

or addresses as well as on anyone else at that address.

When David Plevin keyed in my name, out came the information that there was no data on a Miss R. Burr and the computer spewed out details on a Mrs. R. Berry whose address also included the number 123.

David Plevin would not allow me to keep a copy of this as he said it had details about another person on it but this is the form on which the information would be transmitted by computer to one of UAPT's members. In this case argued Plevin, a member would clearly see the two names were unrelated.

While Ruth Cohen thinks that an individual should have the right to receive the information in exactly the same form as a member, David Plevin argues that in cases like this, UAPT would simply have sent a letter saying there was no information held on me.

David Plevin argues: "If we had thought that a member could conceivably have thought BERRY relevant to you, we would have sent it to you. In the real world it would not be used. In practical terms it would cause more confusion if we gave it to members of the public who do not understand our system."

If, however, I had been married or someone else had

given my address as their home I would have received credit details about them, without their permission.

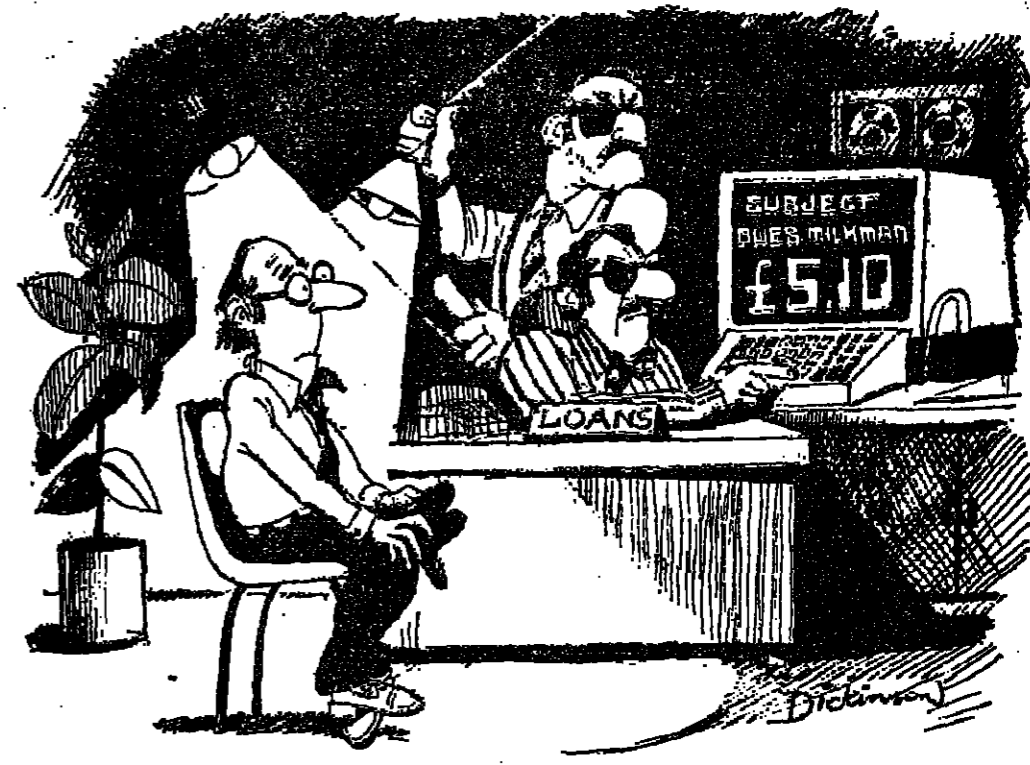
Equally important, my creditworthiness might have been effected by someone living at my address up to six years ago.

David Plevin stresses that the information can be checked and corrected by an individual. He says mistakes are rare, a mere handful a year.

Unlike its U.S. counterpart UAPT does not hold information supplied by banks. Although the banks are members they refuse to provide information on the grounds of customer confidentiality. Of course banks themselves are often used as references on the creditworthiness of an individual.

The banks argue that when a customer opens an account he understands that his manager can be used as a reference. Ruth Cohen, however, objects to this practice as people are not told when information is being given about their affairs nor the content of the message.

The banks, in turn, argue that by telling, say a shop your bank's address you are de facto giving permission for the bank to provide information on your creditworthiness. The banks say they are careful about both



the phrasing of their reply and the type of people to whom they will give it. For example, you were worried about the good standing of a would-be tenant, you would have to get your own bank to ring the tenant's bank to find out about the latter's financial affairs.

David Plevin argues that UAPT is "in the consumer's interest." "If all institutions granting credit used UAPT as a control, credit would be cheaper and easier to get and people would be protected from themselves."

Unfortunately it seems there is one rule for people getting credit through hire purchase, traditionally rather expensive, and another for the more affluent who can flash credit cards around.

There is no limit to the number of credit cards an individual can hold and the companies assess each application separately without knowing what limits, if any, other have granted. David Plevin admitted that in his pocket he had a num-

### Loyalty and the taxman

AMID ALL the traumas in the stock market of recent past there remain a number of people who stay loyal to a small portfolio of shares even though hit by more than the normal rate of tax on income. For the very high tax payer this loyalty is often rewarded by a 75 per cent tax take.

The insurance companies always ready to cash in on the tax advantage of their products, are now beginning to tackle this situation.

One such company is Trident Life Assurance which has improved its shareholder bond scheme, part of its private investment portfolio range. The bond was originally developed to provide the benefits of a single premium investment bond to an investor who already had a sizeable shareholding in a publicly quoted company.

Trident, which has already sold approaching 800 personalised bonds, realised that there are a number of people who maintain dormant shareholdings in more than one company. For these the shareholder bond scheme has been extended to cover multi-share portfolios.

The tax shelter principle in all cases is the same as for any life insurance even though the investment, which becomes part of the life company's portfolio, is solely for the benefit of the individual. Investment income is rolled up through the life of the bond, usually 20 years.

Meanwhile the holder is entitled to an income of 5 per cent a year on the value of the bond on which all but 17 1/2 per cent of the tax is deferred—hopefully to a time when the recipient's overall tax liability is less onerous.

Up to five different holdings, totalling at least £25,000 and averaging £5,000 or more each, are now acceptable by Trident.

Christopher Cameron-Jones

### Curing current account blues

CURRENT ACCOUNT balances are slippery devils. Even if you keep careful record of your ins and outs, you can often be unsure when a cheque will be cleared or when exactly your salary will be paid in. The result can be an embarrassing letter from a bank manager about an overdraft or perhaps the more embarrassing discovery that there is a couple of hundred in your account gathering dust and no interest.

Britain's clearing banks offer a little-known service which can alleviate the current account blues and earn you a bit of money at the same time. The service is called automatic transfer or auto transfer at some banks.

Developed initially for commercial customers, the service provides a "weekly review" of a current account. Following this, the bank sweeps out any funds in excess of an agreed minimum, say £100, and puts them into a deposit account. Should the current

account be below the agreed minimum, then the bank will sweep money back from the deposit account.

The service guarantees that the current account balance never falls below the minimum, so the customer pays no bank charges. As the deposit account calculates interest daily, the customer also gets the welcome benefit of earning interest on money which would otherwise lie dormant in the current account.

The banks do not publicise this service because it obviously reduces their pool of "free" money, ie those funds upon which they do not have to pay interest. The weekly review, furthermore, has to be done manually because computers apparently are not yet capable of ordering money into and out of the right places at the right time.

Only National Westminster says it doesn't charge for the auto transfer service. The others say the charges are at the

manager's discretion, adding that they vary according to the amount of money involved and the frequency of transactions.

The banks emphasise that the service will not be given to customers looking for a way simply to keep a £50 or £100 minimum in their account and thus avoid bank charges. Each applicant for auto transfer will be reviewed by the branch manager who has the final decision on whether the customer is granted the service.

If your manager does approve an auto transfer scheme, keep careful watch of your statements in the first few months. If your cheques fall in a bunch during one week, the bank may put you in overdraft for a few days, charge you interest and fees and then negate some of the benefits of the scheme. If this is the case, you may want to lobby for a daily review of your account, or space out your cheques so there is less chance of falling into overdraft.

Carla Rapoport

### The continuing saga of Signal Life

LAST WEEK, we asked what was happening at Signal Life Assurance, the Gibraltar-based life company in which UK savers have invested several million pounds in various forms of life bonds.

Investors holding the company's two Gold Income Bonds were told by the trustee to the bonds, the Hongkong and Shanghai Bank Trustee (Jersey), that it had endeavoured to obtain certain information from Signal Life and had failed to do so. Apparently, the trustees had found a picture of confusion at Signal Life.

In its efforts to ascertain what has happened, the trustee has instituted legal proceedings both in the UK and abroad to obtain from Signal Life a full account of what it has done with bondholders' money and to recover any money which may have been mis-applied. Bondholders were informed of this action in

another circular sent out on Wednesday.

This information must cause bondholders even more anxiety, coming on top of a newspaper article in last Sunday's Sunday Times.

These particular bonds are income bonds with income payments and capital repayments guaranteed. But according to the prospectus the money is used to finance gold production in a mine at Ten Mile Creek in the Yukon. The article cast doubts on the mining operations and the actual gold production this year, claiming it was behind schedule.

The article also made certain disturbing allegations concerning some of the persons involved in the transactions.

An examination of the writ itself showed that the trustee was taking legal action against several persons or companies involved with Signal Life to find out what has happened to the money. This includes

Hanover Financial Services, the company responsible for marketing Signal's contracts in the UK, and its managing director, Patrick Chirran.

The trustee is also seeking damages against the defendants for breach of trust and/or breach of fiduciary responsibility.

The trustee is not the only person interested in what is happening at Signal Life. The Gibraltar authority has asked Signal to provide by October 5, a complete financial appraisal of the company as at July 31, 1982, by an independent firm of chartered accountants, together with an actuarial valuation on the same date by a UK based actuary.

Bondholders, however, are likely to be more interested in the penultimate paragraph of the latest letter from the trustee which states: "In the meantime, we are actively considering a number of means of ensuring, so far as possible, that

the money you invested is fully "secured."

Clarification of this statement was sought from Mr Derek Harrison, the bank executive handling the enquiry as trustee, since certain intermediaries who have sold Signal Life Gold Bonds are expressing their conviction that Hongkong and Shanghai Bank will financially protect bondholders, thereby getting the intermediaries off the hook on which they are impaled. Mr Harrison would not state what the trustees had in mind but concurred with the question that this idea from the intermediaries was "wishful thinking."

The final remark in the letter from the trustee says that it hopes to put proposals before bondholders within the next six to eight weeks. So bondholders have to live on their nerves for sometime yet before knowing the outcome.

Eric Short

### A question for investors

LAUNCHING A new financial market is no easy matter. Success or failure is determined by the article to be traded, the currency in which dealings take place, the unit chosen and the participants.

Investors are entitled to ask whether the 44-year-old London Traded Options Market offers them a soundly-based market with a sufficiently broad range of investment opportunities.

The market's beginnings were not propitious. Originally intended as a joint venture with the European Options Exchange in Amsterdam, the idea was subsequently shelved but then hurriedly revived when it became clear the Amsterdam project would go ahead. Like Amsterdam, the London market has suffered from the unfamiliarity

of European investors with the option idea.

Neither London nor Amsterdam has grown as quickly as was hoped for. London was notching up daily turnover of approaching 2,000 contracts in the early months of 1982 while Amsterdam achieved an average 5,600. More recently London has traded 3,000 to 4,000 contracts daily.

Jobbers and brokers in London insist however that there is enough depth to the market for the purposes of the private investor.

"You have a good market in most series for people who want to trade five to 10 contracts," says David Steen of jobbers, Pichin Denny, Charles Williamson of brokers, Shepards and Chase, backs this up. "There is no increase in risk because of a thin market. There is a fair number of buyers and sellers."

Leslie Powell of brokers, Vickers de Costa, comments, "I don't feel it is an undeep market. Between one and 40 to 50 contracts are being dealt regularly."

Despite these assurances private investors have complained that the difference between the "buy" and "sell" price of particular options quoted by jobbers the jobber's turn—is too large.

Mr Steen denies this charge, saying that the jobbers "are just washing their faces." But Mr Williamson acknowledges that "when things grow the jobbers' quotes will get more competitive."

Richard Verin, of brokers Scrimgeour, Kamp-Gee, feels the jobber's turn is too large. "But that is not necessarily the fault of the jobbers, it is

a problem of liquidity. There is not enough trade in the options or in the underlying shares."

Increased volumes should reduce the disparity between buying and selling prices since jobbers would be guaranteed finding a matching buyer or seller and their unit costs would come down.

A means of overcoming this problem is for the small investor to make greater use of "public limit orders" (PLOS). These work as follows:

You are quoted 12p buy and 14p sell on an option in which you are interested but you are only willing to buy at 14p. You ask your broker to register a PLO to buy at 14p. This is then fed into the Stock Exchange dealing screen and gives you absolute priority to buy at that price.

A jobber unable to find a buyer at 14p on a quiet day might decide to cut his loss and accept your PLO.

Commission charges must also be taken into account. These are £1.50 per contract plus 2.5 per cent on the first £5,000 premium costs, 1.5 per cent on the next £5,000 and 1 per cent on premium amounts above that. There is however an overall minimum charge of £10.

With only 18 options listed, is the investor given the chance to trade in a broad enough range of underlying shares? Mr Steen, who is also chairman of the Stock Exchange's Options Committee, points out that options currently listed cover 28 per cent of the Financial Times All Share Index in terms of market capitalisation. He is opposed to the listing of new options simply because the underlying share offers short-term speculative prospects.

Richard Verin feels more options are needed. "We should have one stock from each market sector and we don't yet," he says. "We need a drug stock. We have three oils and no building or engineering stocks."

"I would like to see an option on a Government bond such as they have in Amsterdam—where they have been very successful."

Mr Williamson sets a target of 25 options and would like to see Hawker Siddeley included on the engineering front, Blue Circle from the building material industry and Beecham or Glaxo among drug stocks.

#### TRADED OPTIONS

CHARLES BATCHELOR

**Arbuthnot Securities Limited**  
Amalgamation of the Arbuthnot Extra Income Fund with the Arbuthnot High Income Fund

In accordance with the terms of our letter to unit holders dated 11th June, 1982, the Scheme of Amalgamation of Arbuthnot Extra Income Fund with the Arbuthnot High Income Fund became effective on the 30th July, 1982. As a result of this amalgamation, holders in the Arbuthnot Extra Income Fund will be entitled to Arbuthnot High Income Fund units at the following ratios:

For every 1 income unit 2.36634 units in High Income—Income  
For every 1 accumulation unit 1.73455 units in High Income—Accumulation

**UNIT TRUST OFFERS**

**Gartmore Fund Managers Ltd.** 1  
**Arbuthnot Securities Ltd.** 5

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 20.8.82 are fixed for the terms shown:

Terms (years)	3	4	5	6	7	8	9	10
Interest %	11 1/4	11 1/2	12	12 1/4	12 1/2	12 3/4	12 3/4	12 3/4

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INVESTMENTS

Hong Kong's ups and downs

IT IS a bit like a drunken man wandering in front of a car. Were he not drunk, he would probably not have got in the way. Had the car not come, he would not have been knocked down. So it was with the Hang Seng Index. Drifting down from the 1,300 level for a wander by last weekend around the 1,150 mark, it was already rather dizzy-headed with thoughts of 1997, slower corporate earnings growth, world recession, local recession, a few poor interludes and a weak Hong Kong dollar.

PROPERTY

Stately Cotswold conversion

BY JUNE FIELD

WHAT CAN be done with a veritable monster of a mansion that however magnificent has become too large and overcostly to keep up as a private home? And when repairs and maintenance are too great a burden for even the most conscientious owner, however well-heeled?

has often to be a compromise," reminds Mr Peter Yiangou, Greek-Cypriot architect who with Mr Richard Waddington is responsible for the tremendous task of transformation and restoration together with Mr John Parrott of Chelner Construction of Cheltenham.



Sherborne Park in Gloucestershire Cotswolds, once the family home of Lord Sherborne, is being converted to 30 apartments. Studios are from £22,500. 1 bedroom units from £35,000, 2 bedroom, two bathroom accommodation from £62,500, and



Bruges, Humbers, 10 St Mary's Street, Chippingham, who has what he calls "offers flowing in at over £100,000."

loose boxes, tack room, three barns, two pony boxes and two paddocks, plus a swimming pool. Brochure from Mr P. M. Thomas, Strutt and Parker, 8 Imperial Square, Cheltenham GL50 1QB (0242 4544) who will also supply details of Black Dog Cottage.

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BLACK (12men) WHITE (12men) PROBLEM No. 435 BLACK (4 men) WHITE (9 men) White mates in three moves at latest, against any defence (by F. Giegold). The black king has no legal move, so the problem for White, harder than it looks, is to bring his attacker into range within the stipulated three moves.

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LEISURE



Cycling is a way of experiencing landscapes as a participator rather than a spectator

Holidays abroad by pedal power

THE SMART Rijnhotel on the banks of the Rhine at Arnhem might seem an unlikely place to embark on a cycling holiday but only if you have preconceived ideas on the subject. Pedal power is no longer—if it ever was—the prerogative of the young, the impetuous or the excessively fit, least of all in Holland where topography and sane planning have made the bicycle part of a national way of life.

The range and flexibility of their facilities are quite staggering. Thousands of miles of special tracks are dedicated to the cyclist, many of them giving access to areas of countryside or urban cores not available to motorists. Bikes can be hired from innumerable private firms or many railway stations (rail passengers with a valid ticket pay less) and in some areas rentals can begin and end at different places at no extra charge. Even the Dutch motoring organisation (ANWB) publishes special maps and signposts special routes for cyclists.

The source of all local wisdom on this, as on other aspects of tourism in Holland, are the VVV's (tourist offices), many of which package cycling tours in their own and adjoining regions, with great flexibility and a fine attention to detail. Duration ranges from three to nine days beginning any day of the week, and costs cover cycle hire (optional, in case you want to bring your own), usually half board in accommodation ranging from budget to first class, a profusion of advice (eg, what to take and not take), maps, notes and leaflets for getting the best from your chosen route and, in some cases, cycle bags. Daily distances are 30-45 miles which must sound reasonable, even to those who correctly suspect

TRAVEL

SYLVIE NICKELS

that from the saddle of a bike no countryside ever seems quite as flat as it appears and that winds have a perverse habit of blowing in the wrong direction.

Such packages can be booked through local VVV offices (well signposted and easily found) but some are marketed by UK firms such as EACH Cycling Holidays. A seven-day trip to the varied eastern provinces of Gelderland and Overijssel, for example, costs from £138 including cycle hire, return sea travel, Felixstowe-Zebrugge, rail to and from Arnhem, and half-board, with a £10 discount for under-14s.

EACH, which began modestly with a couple of cycling tours in East Anglia a few years ago, now features Holland, France and Denmark as well as most parts of Britain. Denmark is another highly organised nation for two-wheeled traffic with many tours arranged either through Dantourist or local tourist offices. Costs usually include hire of cycle with accessories, either half or full board in youth hostels or hotels, a comprehensive pack of maps and information, and tickets for ferry crossings within Denmark where applicable. The duration is from 4-14 days. Many of the itineraries follow attractive coastal routes or burrow deep into the eminently restful Danish countryside; others have a historic theme, such as the Old Army Road, an ancient trail from Viborg south along the Jutland ridge to the German border followed for centuries

by soldiers, merchants, drovers and the not-so-low-abiding.

As an example, the cost of this arrangement, half board, is 1480 DKr (about £100) and just half-price for under-12s. None of these itineraries is strenuous, but if you don't want to be committed to daily exercise, you might prefer one of the Dantourist Boomerang tours with a selection of day routes radiating from one centre.

Cycling packages on a similar basis are available in some regions of Sweden, among the best offers being a 94-hour guided pedal around Stockholm. In several parts of Scandinavia, including Finland, planned cycle routes are now a popular feature for those travelling independently and if you bring your own cycle it travels free on some North Sea ferries.

If all this sounds a bit too ambitious for those who haven't straddled a saddle for a decade or two, the rental of cycles on a daily basis is now very widespread from small resorts to big cities.

Only the other day, the latest leaflet from the London Bicycle Company dropped through the letter box suggesting, with some justification, that there was one way of beating strikes, fare increases and bumper-to-bumper queues in our noble capital. Their Rent-a-Bike scheme started ten years ago with ten bikes, now swollen to a fleet of 1,000 with prices ranging from £2 (three-speed) to £6 (ten-speed, drop handlebars) per day, and proportionately less per week.

My cycling colleagues assure me that you can not only survive but actually enjoy competing with London's traffic. But I think I'll stick to pottering along our edge-of-the-Cotswolds lanes from which there are marvellous views across these most English of countryside as

well as intimate contact with the teeming life of field and hedgerow—not to mention the inhabitants of our delightful villages. The Cotswolds are one of the many UK areas featured by EACH Cycling Holidays whose arrangements get rid of the hassle of route-finding and give the assurance of a bed awaiting you at the end of the day.

So do those of other specialist organisations such as Free-wheeling Yorkshire and Highland Cycle Tours operating in areas which might ask for rather more muscle power, though daily distances are adjusted accordingly. In most cases there's the choice of escorted or go-it-alone arrangements, with cycle provided or not as required. The message from all of them is that cycling is not just for health-kick addicts: it's a way of experiencing new landscapes as a participator rather than a spectator, and any feeling of well being that results is just another bonus.

Further information: Netherlands National Tourist Office, Savory and Moore House, 2nd floor, 143 New Bond St, London W1V 6PD. EACH Cycling Holidays, The Bookshop, Yorkford, Suffolk IP17 3BR. Danish Tourist Board, 169/173 Regent St, London W1R 6PY. Dantourist, Hulgate 21, DK 5700 Svendborg, Denmark. Swedish National Tourist Office, 3 Cork St, London W1X 1HA. London Bicycle Company, 41-42 Flora St, Covent Garden, London WC2E 9DG. Free-wheeling Yorkshire, 16 Lawrence St, York YO1 3BN. Highland Cycle Tours, Highland Guides, Aviemore, Scotland. For guidance on all aspects of recreational cycling, Cyclists Touring Club, 80 Meadrow, Godalming, Surrey GU7 3HS (members only).

The bulb lists arrive at last

THE BULB LISTS that have already arrived provide welcome evidence of a growing diversity in what is on offer. It is unlikely that much of this will find its way into garden centres or other popular retail outlets but if one is prepared to look around it is surprising what unfamiliar things are available. *Dichelostemma congesta* was not even a name until I read it in Van Tubergen's 1982 catalogue obtainable from 304a Upper Richmond Road, London. A colour photograph reveals a globular head of light purple flowers carried on thick, upright stems on 2-3 ft. stems in June. Further research revealed that this Californian corm has previously been classified as a brodiaea, which brings it into perspective because another species, *Brodiaea laxa*, has been available for years at retail outlets. *Dichelostemma congesta* is a slender 2 ft stem in July. I have found it quite easy and rewarding to grow in a sunny place and sandy soil. Van Tubergen offers it as well as the *dichelostemma* and recommends mixing well rotted manure with the soil which I find surprising. But they are the experts and should know.

In this list, and also that from de Jager, Marden, Kent, there are several of the less familiar fritillaries including *Fritillaria acuminata* with elegantly formed bell-shaped flowers coloured greenish-yellow and maroon. *F. perennis* *Adonis* which hanes out a loose cluster of dark purple bells on a 3 ft stem and *F. raietii* *Adonis*, a much brighter plant with clusters of primrose yellow bells on 12 ft stems. All these are plants to make your garden-minded friends envious and ask questions. More familiar but sold for naturalising in grass in good rather moist soil are the various forms of *F. melandris* a plant that grows wild in damp meadows in the southern half of England. However if you really want to go to town on fritillaries it is *Adonis vernalis* of Rotherham, Bath, who you need to consult for they offer no less than 24 green and white varieties. This form, like *Adonis vernalis* *Adonis*, has a more ordinary bulb, such as daffodils and tulips, there is novelty to be

GARDENING

ARTHUR HELLER

or summer flowering bulbs but if you want colchicums, autumn crocuses or sternbergias there is no time to lose for they are already starting to grow. Colchicums, in particular, thriving on the sap stored in their large bulb-like tubers, can actually flower while lying quite dry on the shelves on which they are displayed for sale. It is far better to have them back in the soil in August before this happens and the same applies to the autumn flowering crocuses and to sternbergias which have golden crocus-like flowers but produce their leaves at the same time instead of waiting until the spring. Crocuses and sternbergias love the sun; colchicums will thrive in sun or semi-shade. The Jersey Lily, *Amaryllis belladonna*, is already in flower in some warm and sunny places and will continue right through September. It is best planted in July but if dormant bulbs are still available I would not hesitate to plant them. They are unlikely to flower this year and the leaves will not be appearing for several weeks. This beautiful plant with large pink heavily scented flowers is not completely hardy but will thrive in the shelter of sunny south-facing walls and fences and in winter its bulbs, which should be just peeping through the soil, can be protected with peat or pulverised bark which can be swept away in the spring.

*Nerine bowdiana* thrives in similar places but is much harder and I have never seen it damaged by frost. Sensibly it delays making any leaves until spring so they are not at risk even in a bad winter as the leaves of *amaryllis* certainly are. It is very fortunate that *N. bowdiana* is not only the hardest of its genus but also the finest in flower. The one thing it lacks is variety of colour, all forms being some shade of pink or rose. But a greater range, through cross breeding with other species, is on the way. Even in the more ordinary bulbs, such as daffodils and tulips, there is novelty to be



found in some of the new lists. Johnsons of Boston, Lincolnshire, are offering four *Viridiflora* tulips which are all new to me. *Viridiflora* is the name given to a class of tulips which all have some green in the flower colour. The most beautiful, for me is *Greenland* which looks like a tall Darwin tulip except that its flowers are pink and apple green. Artist, a much shorter stemmed plant with unique terra-cotta and green flowers, has long been a favourite with flower arrangers but has mysteriously disappeared from the catalogues I have just received this year. Maybe the crop has failed but Golden Artist, a yellow and green sport from Artist, is available. The most interesting newcomer seems to be *Dancing Snow* which looks like a lily flowered tulip but has yellow and green flowers.

It is also good to see a greater than usual selection of the tulips we have been accustomed to calling Triumphs or Mendels but which some catalogues are now sensibly listing as Mid-season. These have many of the qualities of Darwin tulips allied to shorter stems and a flowering season starting in mid-April, a fortnight before the Darwin. These are excellent garden plants which will finish flowering in good time to make way for summer bedding plants. I do not see as many novelty among the daffodils and narcissi

but really there is already so much variety that it is difficult to know what more would be desirable. Perhaps a few more varieties with pink cups or trumpets that could be relied on to produce this delicate colour outdoors. For years I have grown Louise de Coligny with satisfaction and now Salmon Trout, which is superior in form and colour, is coming down to a price at which one can afford to experiment with it on a larger scale.

It is also like some of the reverse bi-colours in which the cup or trumpet is a lighter shade than the surrounding perianth. Spellbinder is a particularly beautiful trumpet daffodil which combines two shades of sulphur yellow and Binkie is a charming narcissus with a nearly white cup seen against a primrose perianth. Spellbinder remains easy to buy but Binkie has now to be searched for. So far I can only find it in the Broadleigh Gardens list. However all the popular favourites are freely available and few will grumble at a selection which includes Mount Hood among the all-white trumpets. Unsurpassable in the yellow trumpets, Trousseau one of the loveliest white and primrose trumpets. Carillon as an all-yellow large cupped narcissus. Fortune for yellow and orange and Ice Follies for white and cream. I would settle for that half dozen any day.

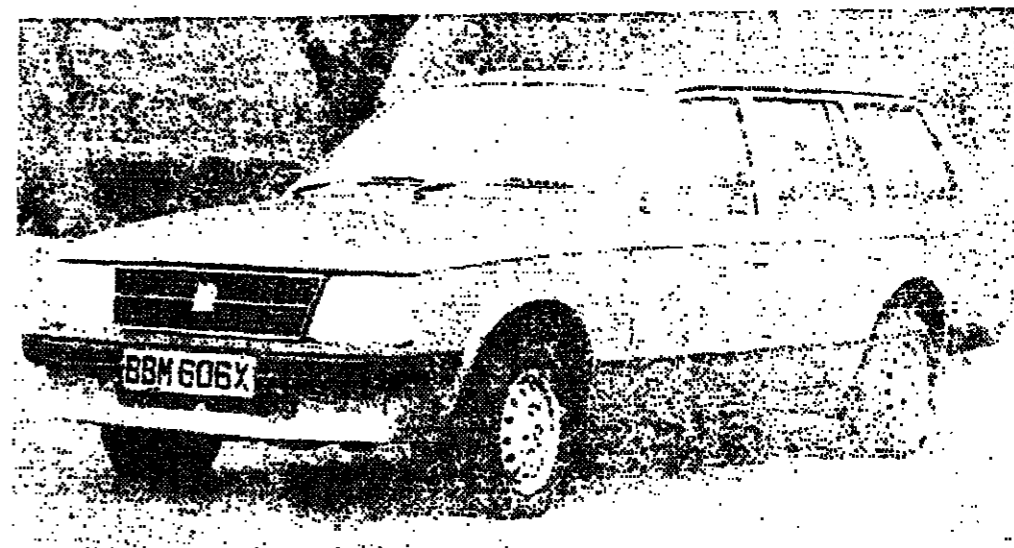
'Friends of the diesel car'

THIS IS the year that sales of diesel cars in Britain will really take off. In the first three months, they showed a one-third increase on last year, when total registrations were under 10,000.

I firmly believe they will be twice that by the end of the year and much of the credit will go to the car I have been driving this week — the Vauxhall Astra 1800D. Except when you fire it up from cold and let the engine idle, it doesn't even sound like a diesel. It spins up to high revolutions (60 mph in third gear, if you must) as though it were a petrol engine which at heart, of course, it is.

General Motors, very sensibly, designed the 1.6 litre engine that powers both Vauxhall Astra and Cavalier (and their doppelgangers, the Opel Kadett and Ascona) for easy dieselisation. Ford, who were caught entirely on the hop, must be kicking themselves for not being so prudent with the 1.3 and 1.6 litre engines of the new Escort. Had they been, diesel Escorts could have been on the market now. As it is, they are working against the clock to dieselise the push-rod engine used in the rear-drive Escort. It won't be ready until next year at the earliest. For now, if you have to use a Peugeot engine, which will also be going into the Cortina replacement, the Sierra, in due course.

And why will the Vauxhall Astra (and its stablemate, the Cavalier) do wonders for the diesel car's share of the British market? Simply because, apart from being quiet, economical and enjoyable driveable cars, they have a British name



The Vauxhall Astra five-door estate with 1.6 litre diesel engine is roomy, economical and reasonable at £5,701. The 3-door hatchback costs £5,143, only £454 more than its petrol engined counterpart

badge on their noses — a psychologically vital point.

The lack of a British assembled vehicle did more to hold back the diesel car's popularity in Britain than any other reason — though two other factors were also important. They were the price of Derv until recently on a par with or higher than four-star petrol, and a great deal of prejudice based on ignorance.

Derv, as I have reported here before, is considerably cheaper than petrol if you shop around for it. On Monday, before Shell upped the price of petrol by 8p, I tanked up the Astra at 148.2p a gallon though four-star at the same site was 161.9p. (On Wednesday, Derv was still 148.5p but petrol had risen to 172.3p.) I had been using the Astra for a mixed bag of motoring — commuting from Kent to London, short local runs with lots of cold starts and several hours stop-start driving in the West End. The consumption: 46 mpg.

Ignorance of the diesel car's merits, regrettably, has still to be overcome. The September issue of the AA's "Drive" magazine, out this week, perpetuates the myth that Britain and Germany price Derv much the same as petrol. In Germany, the difference may be only a few pennies a litre. In the UK, if you shop around, the

MOTORING

STUART MARSHALL

saving is at least 10 per cent. "Drive" also talks about "the normal 30-second wait before a diesel car can be cold started" (The wait is for the pre-heat plugs to warm up).

That was true a year or two ago but it isn't today. The Astra is ready to go in less than five seconds. The Peugeot 505 estate I had a week or two ago took seven seconds. That is typical of the 1982 model diesel car.

But back for a moment to the Astra. If I were to criticise it at all, it would be for something unconnected with its power unit. That is the lack of clearance between my thighs and the steering wheel. The only diesel-connected complaint is that the very soft engine mountings, which kill nearly all engine vibration, allow the block to rock to and fro when one goes from power-on to power-off, which makes the rear lever wobble. But the car is so civilised that at 70-75 mph on the motorway, one is simply not conscious that it is a diesel. At £5,143 the three-door Astra 1800D hatchback is £170

cheaper than the VW Golf five-door diesel and every bit as good to drive. The five-door Astra diesel estate is a little dearer at £5,701. The best buy in this class is still the Peugeot 505GLD estate at £5,645. (My own 505GLD, with 20,000 miles on the clock, has been virtually trouble free and is running better than it did when new).

As regular readers will be well aware, I am a diesel car enthusiast and have been for years. To get the best out of one, cheap (or should I say realistically priced) fuel is essential. To help fellow diesel car owners, I plan to draw up a list of "Friends of the Diesel Car" — the filling stations which pass on in full the lower duty on Derv compared with that on petrol to their customers.

That means that Derv at the pump should be at least 12p a gallon cheaper than four star. Three sites I regularly patronise in London are the Kinross Cross Road, Chevron station (148.2p against 172.3p), the London Cab Company, Kennington (149.8p) and Brondesbury Elf Service Station, by the underground station (148.2p).

But where are the sources of cheap Derv out of London? If readers let me know, I should be able to compile a monthly list which I will supply to anyone sending a stamped, self-addressed envelope, marked "Friends of Diesel Car."

'Things to Come' and all that

VIDEO REVIEW

NIGEL ANDREWS

VISIONS of the future are always best taken as free-range poetic dreamscapes rather than as blueprints for a specific Tomorrow.

With 1964 only two years away, George Orwell's vision of Big Brother - Is-Watching-You seems just about as remote as when he wrote it (in 1948): still or take a few reeling video spy-systems in banks or supermarkets. But it's also just as powerful to read as a timeless "awful warning" parable for mankind. And two of the grandest movie future-scapes — Fritz Lang's *Metropolis* (1926) and William Cameron Menzies' *Things To Come* (1936) — are likewise just as fantastical now as when they were created, but they're also vivid and undimmed as nightmares, or Utopias, of the imagination.

Both are now on videotape and well worth re-encountering. *Things To Come* (Polygram Video) has the tantalising merit of being not many of its prophetic almost right. Based on H. G. Wells' *The Shape of Things To Come*, it boldly wagers on the outbreak of World War II in 1940 and virtually pins down on screen — bomb for bomb, siren for siren — the London Blitz.

But Wells and the film extend their Armageddon war on into the 1960s, and we're deep into fantasy-land with the world's division between nomadic paupers living in bomb-swarred towns (and led by Ralph Richardson burbling cheerily as "The Chief") and a super-community of the skies (Raymond Massey, its spokesman) who gradually evolve to become a race of space-conquerors. By 2036 they're dwelling in a sleeping Babel of gleaming glass and stone, controlling the Heavens and spotting men and women onto the moon.

It's a feature of Future-vision — since writers love romantic dualisms — that the world is invariably divided into Rich and Poor, or Strong and Weak, or Them and Us. In *Metropolis* (EMI) the Yin and Yang are Management and Workers. The Boss (Alfred Abel) lives remote in his sky-high offices: the Labourers trundle daily into the devouring factories as if into the steaming jaws of Moloch. (Indeed the pagan god makes a startling appearance out of the machinery in the film's greatest coup d'oeil.) Only the Boss's son (Gustave Fröhlich) and the beautiful working-girl (Brigitte Helm) can save civilisation as we know it.

Both Lang and Cameron scatterbrained plots when you think about them, and the best thing perhaps is not to too closely. Let your mind vibrate instead to the workings of the Subconscious run riot, wherein the visual image is all-powerful. Both Lang and Cameron Menzies were superb architects of the screen-picture. They



A scene from Fritz Lang's Metropolis (1926)

build their cited dream-vistas from a fiercely beautiful geometry of line and perspective and light-and-shadow, and from the juxtaposition of crumbling relics-of-reality with outlandish surreal projections-of-the-mind. (The two films should be seen in harness with a visit to the Giorgio di Chirico exhibition — another great artist of urban Armageddons).

One of the pleasures of video that screen classics of this calibre — and both are reproduced in crisp, gleaming black-and-white — are now on the market as freely as classics of literature.

One of the displeasures of video is that the egregious rubbish among more up-to-date films left over from failed exposure on the big screen — or no exposure at all in the case of "shelved" movies — is regularly swept up, cassette-used and upended over the unfortunate video customer.

I've reviewed several insult-to-audience in cassette form in recent months: from Scarecrow Hunt to Charles Bronson's *Burlesque*, from Orson Welles' *Art-pundit* in *The Challenge* to Mitchum's sleepwalking through the thriller *Agency*. And in most cases it's worth offering the Golden Thumb-Rule that if a film hasn't appeared in the cinema before it appears on video, it's usually because it's a cast-iron turkey likely to do untold damage to your digestion. Significant exceptions to this rule I shall be glad to point out in future columns.

There is also, of course, a swelling tide of non-fiction films in the video market: documentaries, TV programmes, teaching yourself guides. This month of the screen-picture. They

TRAVEL

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BOOKS

Lamb's tale

BY PETER QUENNEL

Young Charles Lamb, 1775-1832

by Winifred F. Courtney, Macmillan, £25. 411 pages

The Oxford Book of English Prose, edited by Quiller-Couch, which first appeared in 1925, allows 14 pages to Charles Lamb; in The London Book of English Prose, which Herbert Read and Bonamy Dobree produced in 1931, his contributions cover between six and seven...

ment of boiled leg of mutton before it, to blunt the edge of delicate desire? Lamb's most memorable works - his splendid appreciation of the genius of Hogarth and perceptive re-discovery of the early English dramatists - were all written after 1802, the point at which Winifred F. Courtney concludes her biographical study of the Young Charles Lamb. His two earliest productions, a rustic romance, A Tale of Rosamund Gray and Old Blind Margaret, and John Woodvil, a patient imitation of an Elizabethan tragedy, deserve comparatively little notice.

Nor, apart from a single hideous drama, was Lamb's personal existence at the time particularly eventful, every day, as an ill-paid clerk, he occupied an office desk; his free evenings were passed with bohemian friends drinking, smoking, talking, punning. The fearful catastrophe that transpired his whole life occurred on September 22 1797; and was thus recorded in the Morning Chronicle.

On Friday afternoon the Coroner and a respectable Jury sat on the body of a Lady in the neighbourhood of Holborn, who died in consequence of a wound from her daughter. . . . While the family were preparing for dinner, the young lady seized a case knife, and in a menacing manner pursued a little girl, her apprentice, round the room; on the eager calls of her helpless infirm mother to desist, she renounced her first object, and with loud shrieks approached her parent. The child by her cries quickly brought up the landlord of the house, but too late - the dreadful steele presented to him the mother lifeless, pierced to the heart.

Mary Lamb, described at the inquest as a "mantua-maker", was thereupon "removed to Islington mad-house"; and Charles, her much-loved brother and favourite companion, still only 21 years old, responded to the shock, as Miss Courtney says, "with extraordinary strength and steadiness". Thenceforward, Mary's welfare became his principal concern. To procure her release from imprisonment, he appointed himself her sole custodian; and under his care she temporarily recovered. But she had numerous relapses - she was a violent manic - depressive - which they both of them fore-

quietly back to the asylum together, weeping and beating their heads against the bars carrying a strait-jacket. It was this tragedy that at once determined the course of the brother's existence and, no doubt, helped to shape his talents. He found refuge in alcohol and tobacco - asked why he smoked so much, he replied: "I toiled after it, sir, as some men toil after virtue" - but also in endless wandering round the London streets, where he picked up the material of his essays and absorbed the imaginative relief he needed. He explained the habit to Wordsworth:

"The lighted shops of the Strand and Fleet Street, the innumerable trades, tradesmen and customers, coaches, waggon, playhouses, all the bustle and wickedness round about Covent Garden . . . all those things work themselves into my mind and feed me, without a power of satiating me. . . . I often shed tears in the Strand from fullness of joy at so much life."

Otherwise, Lamb had few adventures. Twice he fell in love; twice he was disappointed, and remained a pensive celibate, unaccompanied, nevertheless, by dear friends, of whom Coleridge was the dearest and the most valued. Miss Courtney gives us a good account of her hero's intellectual and political background; and Young Charles Lamb is an interesting and learnedly detailed - here and there, perhaps, an over-detailed - book. Having read it, I am beginning to revise the rather prejudiced opinion of Lamb's character and adult gifts that once I shared with Cyril Connolly.



Lamb: celibate clerk of genius

Sound the charge!

BY GEORGE MALCOLM THOMSON

A History of the British Cavalry: 1816-1919 Volume 3, 1872-1898 by The Marquess of Anglesey, Leo Cooper/Saunders and Warburg, £35. 478 pages

By 1872, the year that Lord Anglesey's new, third volume of his monumental history begins, it was fairly clear that the days of the cavalry were over. The Charge of the Light Brigade, "Von Bredow's Death Ride" at Mars-la-Tour, and the destruction of the French cuirassiers at Vionville all suggested that, in modern warfare, mounted men were picturesque, heroic and irrelevant. The King of Prussia, watching the suicidal French charge at Sedan, exclaimed: "Ah, les braves gens." He was saying farewell to an epoch in war.

As early as 1864 an intelligent soldier was writing, "the influence of the improved weapons on cavalry must be nearly to destroy its utility as an offensive arm on the field of battle." But what should have been obvious was learned only slowly. Lord Anglesey's book tells us why.

During the latter half of last century, Britain was engaged in a whole series of small wars, colonial campaigns against primitive peoples in which horsemen were still useful. Cavalry battles were like hunting, only more thrilling. Men like Colonel Prinsch had little use for the drill book. "Sound the gallop" was his favourite command to his trumpeter. Picturesque in a slightly different fashion was the famous dandy Captain Brabazon, known as "Swab" who in the desert pulled a beautiful sword and scabbard from his sleeve. "Swab" feeling the pinch, was forced to give up the Household Cavalry for another

regiment whose name he professed to forget - but "they have green facings and you get to them from Waterloo Station." In the British cavalry, officers or men, there was more of Prince Rupert than Cromwell. They had not learnt the lesson of Naseby. The Ironsides did not gallop; their pace was a fast trot. But how appealing the career of a cavalry officer was! "It was a gay and lordly life that now opened upon me," wrote Second Lieutenant Winston Churchill on being gazetted to the 4th Hussars. Thanks to that bright young officer we have a description of one of the last cavalry charges, at Omdurman. It was all over in 120 seconds; exciting and fairly futile. Said a sergeant to Churchill: "Well, I don't exactly say I enjoyed it, sir, but I think I'll get more used to it next time."

In the middle of the last century the chief controversy in cavalry circles was whether the sword, with which a strong man could cut an adversary in two, or the lance, "la reine des armes blanches", was the more effective weapon. That both were already obsolete had not yet dawned on everyone. So long as cavalry looked picturesque and, in action, thrilling - "I can imagine no more splendid sight than this moonlight charge of our fine fellows on their black horses" - it was hard for reason to prevail.

The gorgeous uniforms had a wide appeal - sometimes too wide. The C-in-C, Egypt, found it necessary to forbid soldiers to sell their old clothes. "The



The Life Guards Heavy Camel Corps in Egypt, 1885

C-in-C cannot allow natives to appear dressed in the uniform of the British Army." In desert warfare the Household Cavalry became a Camel Corps, to the general merriment.

Not all the cavalry's fights during this period were with a foreign foe. The British Army has a long tradition of interne-cine war. In 1883 a feud developed between the Cavalry Brigade at Aldershot and the Camerons, after a gang from this dour, "peasim-singing regiment" which had been one of the British infantry battalions at Blenheim, beat up a cavalryman. "We are cavalrymen," shouted Private Craven of the 5th Dragoons, "and won't be put upon by Camerons!" A vengeful mob attacked the Camerons' barracks and a court-martial followed. (That particular feud cannot be repeated. Sadly, the Camerons have been disbanded. Their psalms are silent.)

The book contains a great deal of fun drawn from the odd personalities, the crazy adventures of war. There is, too, much solid information: for example, the ceremonial observed at a trooper's funeral (cost £1 18s) - a black horse, led by two men cloaked in black, the slow march, and so on. As befits a descendant of Lord Uxbridge, who commanded the cavalry at Waterloo, Lord Anglesey has brought enthusiasm as well as devotion to his scholarly task. Clearly, he has enjoyed writing this absorbing chapter in the history of war. The chapter is closed. The cavalry no longer "lends tone to what would otherwise be a vulgar brawl." But its sparkling tradition lives on in the light mechanised units of today, and in Lord Anglesey's crowded, vivid pages.

Manners makyeth Milne

BY VALERY MCCONNELL

The Hollow on the Hill by Christopher Milne, Methuen, £5.95, 154 pages

The search for a personal philosophy, which is the subtitle of this book, is a private undertaking. Christopher Milne had fame thrust upon him at an early age by his father, A. A. Milne, who immortalised him as the teddy-toting Christopher Robin. Perhaps it is his misfortune that his questioning of values he inherited only brings him to where most of us are already: to a realisation that we are not at the top of the heap by divine and natural order. His alternative explanation for current society is that man is made up of two forces, reason and emotion; reason based on our day-

to-day experience; emotion derived from our inherited memories. Like his father, Christopher Milne has a disarmingly simple style. When applied to discussion of philosophy it makes the arguments seem naive. For instance, he says: "War is neither wicked nor cruel and this in our hearts we all know." He bases this on his idea that war is man's great contribution to evolution; we habitually go to war to weed out nature's weaklings. Yet we have only to look at the calibre of men killed in both world wars to realise how silly this is. Whatever the many, varied reasons for all the wars through history, I find this lemming-like sense of duty to the great force of nature a singularly unconvincing one.

Let there be light

BY ISABEL QUIGLY

Oh What a Paradise It Seems by John Cheever, Cape, £5.50, 100 pages

Hunters in the Snow by Tobias Wolff, Cape, £6.95, 175 pages

Quotations from Other Lives by Penelope Giliatti, Secker and Warburg, £6.95, 160 pages

Bullion by John Goldsmith Sidgwick and Jackson, £7.50, 247 pages

"This is a story to be read in bed in an old house on a rainy night," John Cheever begins his short novel, Oh What a Paradise It Seems, and that is how, where and when I read it. Short but apparently discursive, complex but so neatly plotted that you would scarcely notice, it meanders through so many lives, situations, plots and even psychological excursions that you wonder how they can possibly be disposed of in so short a space, with such seeming lack of haste. The answer lies, I think, in the book's quality. This conjuring of many aspects of American life has a joyful satisfactoriness in a whole range of things: in translucent prose, many-coloured and multi-textured; in exuberant swoops between reality and fantasy, both used with exact visual realism; in a mixture of mystery and factual, straightforward explanation of such things as water pollution.

The hero, Lemuel Sears (whose Gulliver connections are surely not fortuitous) is an oddish man, rich enough to fight what seems, or is made to seem, an all-American patriotic effort to raise a monument to dead soldiers over the corpses of expensively dumped cars. Sears leads a life on various levels of reality, diving into memories to find parallels for the present - of life in an East European state, for example, drab, dour, coffeeless, lightless or else suggesting the life inside paintings, the translation of experience into art, as an illuminator of reality.

Intertwined are the lives of peoples whose faces, in Sears' view, reflect light and whose faces don't. The conflict is indeed between light and darkness, and when the sub-hero, working on Sears' behalf, is murdered for his pains, the humble but lion-hearted Bersy goes into rather unlikely action and threatens to poison an entire community. As if this wasn't enough for a brief hundred pages, an erotic subplot involves Sears with a much younger woman and then, to his surprise and ours, the doorman at her block of flats. There is also fishing, skating, a marvelous daytrip to the seaside, motorway driving, smart restaurants, unexplained meetings - and people at all levels united by their humanity (or luminosity) or isolated by their greed, or headiness; their lack of light. Also in America, also moral

tales at a high level of subtlety, the short stories in Tobias Wolff's first collection, Hunters in the Snow, deal with people at all levels and places, which makes it impossible to know what the writer's native level or place is: on a cruise, in lowliest suburbia, in academic circles, in deep country, hunting for deer, shooting a beaver. As with Cheever, though the technique is quite different, Mr Wolff's idea seems to be to find a common moral attitude, a humanity (or luminosity, perhaps) in some everyday situation; then to ask why and how. Original and abrasive, much more than anecdotal, the stories are more than promising, too.

Of Penelope Giliatti's new stories, sadly, almost the opposite must be said. Quotations from Other Lives is mostly a disappointment. Its 12 stories, eight from the New Yorker, are of very varying quality: some slick almost to the point of parody; some showing Miss Giliatti's old flashes of wit and high intelligence. Tone, presence, locations, and characters are often Anglo-American; Americans in England, English in America, expatriates returning or holed up in exile. Her writing is so accomplished that one longs for more: well-heeled and witty, wittily observed, her characters urge us to know them better, to enter their lives. Occasionally we seem to, but too often they remain cutouts: well-heeled and witty and no more.

"Fiction inoculates the public to the truth," says an anonymous Swiss banker, and John Goldsmith's Bullion is about what might, could, or should have happened when gold prices rose and fell two years ago: who blew up the balloon and who deflated it; how it was done. With what seems like technical expertise of a high order about the world of gold and banking, the book rings much truer than most thrillers to this general reader, at least.



Cheever cheerful chap

Curtains

BY WILLIAM WEAVER

Duse on Tour: Guido Noccioli's Diaries, 1906/07 translated and edited with an introduction and notes by Giovanni Pontiero, Manchester University Press, £25. 178 pages

Guido Noccioli was a young actor of 25 when he joined the company of Eleonora Duse in the late winter of 1906, shortly before the troupe took off on a South American tour. Duse was at the height of her fame, which had even become notoriety a few years earlier, during her love-affair with Gabriele D'Annunzio, who had shamelessly, brilliantly characterized her as "La Foscarina" in his successful novel Il Fuoco. After their rupture, in the spring of 1904, Duse had thrown herself relentlessly into work, touring constantly, even through frequent bouts of ill-health and depression.

In those days - and well into this century - for a successful European actor, the South American tour was almost obligatory. Many theatrical memoirs tell of the long crossings, the rehearsals on board, romances and rancours. Noccioli, from the lowest rung of the ladder (his roles included the letter-carrier in Camille), observes everything with a keen eye and a fluent pen. He chronicles the "Signora's" moods and, more important, her acting. Duse was an uneven artist: she had bad nights, good nights, and unforgettable nights.

Morocco bound

BY GAY FIRTH

Points in Time by Paul Bowles, Peter Owen, £6.95, 92 pages

With extraordinary skill, in fewer than 100 pages, Paul Bowles takes us on a journey through the Moroccan centuries, pausing along the way to create resonant images of landscape, the characteristics of its inhabitants, the beliefs of Moslem, Christian and Jew who shared - and still share - a part of North Africa long dominated by Spain. "The sand is cold under the

branches of the tamarisks where the camels lie, shaded from the moonlight." But there is no escape from burning, blood-soaked sand, fierce passions, and a conviction, which settles in the mind at the end of this exquisitely crafted little book, that Paul Bowles uses and controls the English language as well as any actor writer of our generation. His 10 tiny vignettes are a kaleidoscope: coloured patterns of words which carry to readers the experience, the emotion, and the whole history of a people.

Dear diary...

BY JOE ROGALY

Diary of a Year by Lord Longford, Weidenfeld and Nicolson, £10. 234 pages

You meet others of his kind: Malcolm Muggeridge, for example, whose eccentricity can surely not be in doubt; and Lord Stansgate, whose mug of tea and ideas well below his station qualify him as one of the outstanding examples of the genre. You meet breathtaking statements: "There was a time when many people spat at the mention of Tom Stoppard, but today he is respected increasingly." Or, again, "I told the audience that at that hour yesterday (this was roughly true) I was being received in private audience by the Pope. I could

only hope that some of his sanctity had rubbed off on me. If so, I gladly passed it on to them. A moment's incredulity, and then happy laughter." Above all, you meet a man conscious of the importance to humanity of his doing his best to improve humankind's lot. The tragedy is that no such thoughts matter. For Lord Longford is treated as are most of his fellow dear eccentrics: as a figure of fun. He is not to be taken seriously. He takes life with deep seriousness, but life does not return the compliment.

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سكان العرب

# HOW TO SPEND IT

by Lucia van der Post

## Setting the pace for autumn



Big knits with the natural, home-spun look are one of the big Warehouse themes for the autumn. Above is a wool and acrylic dolman-sleeved jumper with a soft, rather ethnic-looking pattern, £18.99. The wool and acrylic pleated waist skirt is £16.99, the matching shawl, £8.99. The whole look is given much panache by the accessories—knitted tights, £4.50, leg-warmers at £1.99.



Soft, inexpensive leathers will be a feature of the autumn collection—the black leather parka is just £99.99, the baggy trousers £49.99.

More chunky knits, this time a soft wool, acrylic and mohair handknitted cardigan in soft shades of white and grey. The catalogue will show readers just how to wear it—not loose and hanging but pulled together with one of the inexpensive but sturdy leather, brass-buckled belts that Warehouse does so well. The cardigan is £25.99, the striped collarless shirt, £15.99 and the leather belt, £7.99. Jewellery to accessorise and finish off the look will be sold from the branch at 19 Argyll Street, London W1 only.

I'M sorry to remind you so forcibly that summer won't be here for long. The pictures on this page are unmistakably wintery but they are timely being part of a whole new approach to marketing fashion that the Warehouse group embarks on this week when its autumn collection goes into all Warehouse shops.

Warehouse is one of those phenomena of the fashion trade—a one-off, individual operation that has its own philosophy, its own approach to the business. At a time when most fashion houses have been languishing, when rag-trade companies have been going broke faster than a Korean seamstress can sew a seam, Warehouse is flourishing.

You have only to visit one of its stores at any lunch-time and you sense the almost tangible aura of success. It will be crowded with shoppers. They are mainly young working girls but you will also find older women—including fashion editors, many of whom are notoriously snobbish about the labels in their clothes—who have learned that it is a good place to find just the jacket or seasonal T-shirt or up-to-the-minute pair of trousers to pull the rest of their wardrobe together.

Many of these shoppers will visit their nearest branch not just once or twice a year but will look in most weeks, for part of the successful formula is that the shops are given an ever-changing look. It is well-known that Warehouse never carries long runs ("Economic clothes don't need to be volume clothes," believes Jeff Banks, its chief designer) and so if you see an amazing silk T-shirt there this week you'd better buy it there and then because it won't be around tomorrow. Warehouse was started by

the Bennett brothers in 1975 who had perceived that the fashion business was riddled with waste—both garments and fabric producers seemed to find it easier to over-produce than to do proper market research. They found they could buy in the extra-capacity at very advantageous prices and that is how Warehouse first made its name—offering up-to-the-minute clothes at exceptionally low

prices. In the intervening years it has grown so that now there are 11 branches and it no longer buys in anybody else's designs. It is, to use the jargon of the trade, vertically integrated—that is, it designs, manufactures and sells, thus cutting out the costs of the middle-men (the wholesalers and distributors) and so can sell its clothes at half the price of its competi-

tors without any loss of quality. In addition Warehouse has become known for the design flare of its design director, Jeff Banks. His silk ("I do a new collection in very limited quantities, about every six weeks") and leather collections have become particularly sought-after and it is the place the fashionable office-girl who lives or works near a branch will look to first when she needs a new outfit.

However, the particular challenge facing Warehouse at the moment is very interesting. It has grown well and profitability has begun to increase, with the turnover last year reaching just about £3m, but where does it go from there? How does it expand and grow at a time when shopping patterns and habits are changing radically? How does it plan for the next 10 and 20 years?

A few years ago the problem would have appeared to have an easy answer—you grow by opening new branches. Warehouse, with its small, close-knit group of decision-takers, has come to the conclusion that this is now an out-dated way to achieve higher figures and better profitability. They've looked at all the new shopping-centres, the high street sites and come to the conclusion that few seem to be flourishing.

Warehouse feels that people are becoming ever more reluctant to travel to high streets to do their shopping. The accepted centres are having less and less appeal. Those of its competitors who have expanded in the conventional way by opening more shops in more high streets, are struggling to make them pay. Warehouse, therefore, decided that it should look at ways of reaching a bigger public, casting a wider net, with-



out opening more shops—in other words, ways of making each shop attract customers from a much wider catchment area. If, for example, one shop in Romford can attract shoppers from a radius of some 40 miles around it, instead of from the immediate area only, then it is theoretically possible for that shop to have a turnover four times greater.

So the idea was born that perhaps the optimum number of outlets would be about 20 strategically placed shops which, if all went well, could generate the same turnover as say, 80 ordinary shops.

The key, the group decided, was to be much more adventurous in reaching the public, in getting the Warehouse message across. The group believed implicitly in what it had to sell—that is, that it was offering keenly priced, highly fashionable, highly wearable clothes, that together added up to a distinctive look and style—what it had to do was to make more people aware of it.

The way to do this, it decided, was to produce a catalogue—not a mail order catalogue, because it didn't want to get involved in that side of things, largely because that would send costs soaring, but a catalogue that proclaimed its special identity loudly and clearly so that any potential customer would be in no doubt at all about what it was selling.

The catalogue is undoubtedly a highly successful-looking venture—a top-class model from New York, with a "new" face, not over-exposed over here was flown over, who has projected exactly the kind of un-frightening, unaggressive, but highly fashionable look that should appeal to a broad spectrum of women. About 400,000 of these cata-

logues are going to be distributed in various ways—some will be inserted into magazines like Company, Over 21 and the like, and in Romford, which is the first target area to test the "wider net" theory, some 45,000 will be delivered into homes in the area.

As you can see from the photographs on this page, which are taken from the catalogue, the booklet projects a high sense of style. Not only are the clothes shown in full colour, but the potential customer is shown how to put them together. Rows of cardigans in a shop have a way of looking very uninviting—but if you have seen how it can look when pulled together with a leather belt with a brass buckle, and how the collarless shirt complements the look and just what the longer length skirt does for it all, then that cardigan begins to look irresistible, as does the shirt and so on.

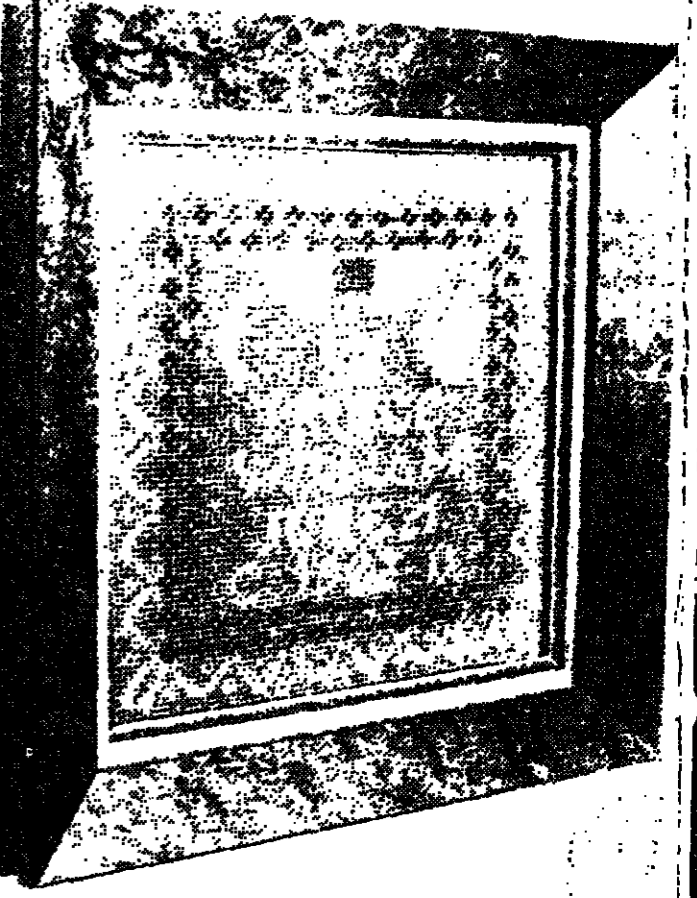
The prices, as always, are immensely keen—there is a marvellous tweed coat made from a Bill McNutt Donegal tweed, that sells for just £49.99 (I've ordered one already), there is a pure silk crepe-de-chine cowl-necked dress at £48.99 as well as hand-knitted sweaters at £25.99.

If you want to put a total look together but can't quite run to it all at once you can, through the catalogue, organise immediate credit facilities up to £250. Nobody can buy the clothes through the catalogue but the idea is that once having seen it you will see out your nearest Warehouse branch and when you find it you will know exactly, but exactly, how to put it all together.

## Stitching time

QUITE THE most charming memento of the royal baby's birth that I have come across is a small sampler, just 51 in square, designed by two young housewives, Caroline Deacon Duncan and Julia Hickman. Both have studied embroidery quite seriously, both have done needlework exams, an art foundation course and are members of the Embroiderers' Guild. They first started their joint needlework business by running classes teaching canvas embroidery stitches which were so successful that they have gone from strength to strength. They started designing canvas work kits to give their students easy and relaxing pieces of needlework to do at home. When their friends then started wanting to buy them they realised there might be a wider market for them. Now there is a thriving

mail order business and in September there will be a colour ms' order catalogue available. In the meantime anybody with the birth of a new baby to celebrate might like to buy the kit to make up this little sampler—it comes complete with wool, canvas and chart and the background to the design may be either blue or a terracotta pink. There is a choice of charts—you can either embroider the commemoration to the birth of Prince William (as in our photograph, below) or there is a chart with a spare alphabet and numbers which allows you to work in the name and date of any other baby. The kit seems remarkably reasonably priced to me at just £5. Write direct to Stitchery, Rose Cottage, Watts Road, Thames Ditton, Surrey KT7 0EX.



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## Oil and sundry



IT WASN'T until I first went abroad and tasted those rich, fruity green oils that I realised what olive oil was all about. They were as different from those bland little bottles of oil sold in chemists and supermarkets as my first good bottle of claret was from those sour,

harsh wines that bottle parties in the Sixties used to specialise in. Just as I had suddenly realised why wine buffs could go on so long about the stuff so I began to see why one's more discerning friends went to such lengths to bring back odd-shaped bottles and cans of olive oil whenever they went abroad. As this rich, green oil has been getting more and more expensive, it seemed worthwhile looking into just what it is one is paying for.

Bryan Llewellyn, managing director of the Elizabeth David shop in Bourne Street, London SW1, as well as Covent Garden Kitchen Supplies at 3 North Row, The Market, Covent Garden, London WC2, is to olive oil what I suppose, Edmund Penning-Rossell is to claret—that is, he knows, loves and cares about it.

Bryan Llewellyn is in no doubt that the best olive oil in the world comes from Tuscany. There the big chianti estates nearly all have a small grove of olives, possibly not more than 1,000 trees, from which they glean a relatively modest harvest. Each of these estates will produce its own distinctive oil and oil buffs will go round from estate to estate tasting the harvest in almost exactly the same way as the wine experts do.

The flavour will vary from year to year and estate to estate, just as with wine, and all those likely to be on holiday in Tuscany this year might like to take the chance to learn a little more about this wonderful rich green fruit. Go to Grosseto, if you have time, and there in

many of the restaurants when shaken up before you use the oil. After the virgin oils from the single estates come the virgin oil blends from different estates—many of the big estates will blend their own oils from year to year in exactly the same way as the wine masters in Bordeaux blend their wines—they learn to achieve a more standard taste and quality which many buyers prefer to the more wayward products of the single grove.

After the first pressing, there is a mash that remains. This is then heated and pressed again and the oil from this is called the second pressing. It will not have the distinctive, fruity flavour of the first pressing but it will be correspondingly cheaper. After this the oil becomes increasingly less and increasingly less the almost medicinal products that might just as well be sunflower or any other vegetable oil for all that remains of the taste of the olive.

As a rough rule of thumb the oils from France have a more delicate flavour than those of Italy and as such are possibly more suitable for such things as making mayonnaise and for using on delicately flavoured vegetables which the fruitier Italian flavours might drown. Of the French oils James Pignoli's Provencal oil is one of the best—a first quality second pressing oil will cost about £3.13 a litre if you buy a 2½ litre tin (as opposed to the 1½ litre tin of extra virgin oil from Montisi which works out at about £8.25 a litre). The beautiful James

Pignoli bottles are highly sought-after and as such are expensive (£4.60 for a litre bottle) but the oil in them is exactly the same as that in the tins.

When using olive oil for cooking make sure not to overheat or burn it as this will spoil its flavour—it is worth buying a bottle of the Monte Amiata for the charm of its accompanying leaflet, quite apart from the flavour of the oil. The leaflet is full of wonderfully earthy peasant suggestions for using oil—particularly useful for trouble-free summer cooking.

Don't use your fine oils all the time—save them for salad dressings, for a mayonnaise to complement a fine fish or special vegetables. The Tuscan oils are really too fruity for mayonnaise—now that oil has become so expensive I often use half olive oil and half vegetable oil and this seems to work very well.

Those living out of London may have trouble tracking down a good olive oil. Most supermarkets and food chains seem to sell nothing but their own bland, over-refined, almost medicinal versions of the oil. The best thing to do is to cultivate the owner of your local delicatessen shop—a good Greek or Italian delicatessen should offer several varieties and the owner may well turn out to be surprisingly knowledgeable.

If you do buy good olive oil make sure you keep it in the dark—sunlight or bright light will destroy it. If you really become inter-

ested in the whole subject you can move on to experiment with walnut (which visitors to the Dordogne and the Perigord will know all about) and hazel nut oil. Hazelnut oil has a rather strong, sweetish taste and is particularly good—used in the dressing for a Waldorf salad and very good for gently cooking vegetables like courgettes.

Walnut oil makes a wonderful accompaniment to any pasta salad (use lemon, not vinegar), gives an interesting flavour to a remoulade sauce and both the nut oils are very good for cooking fish.

If you want to experiment with these oils but can't find local suppliers, Covent Garden Kitchen Supplies will organise mail order if you contact them first. (Tel: 01-836 9167.)



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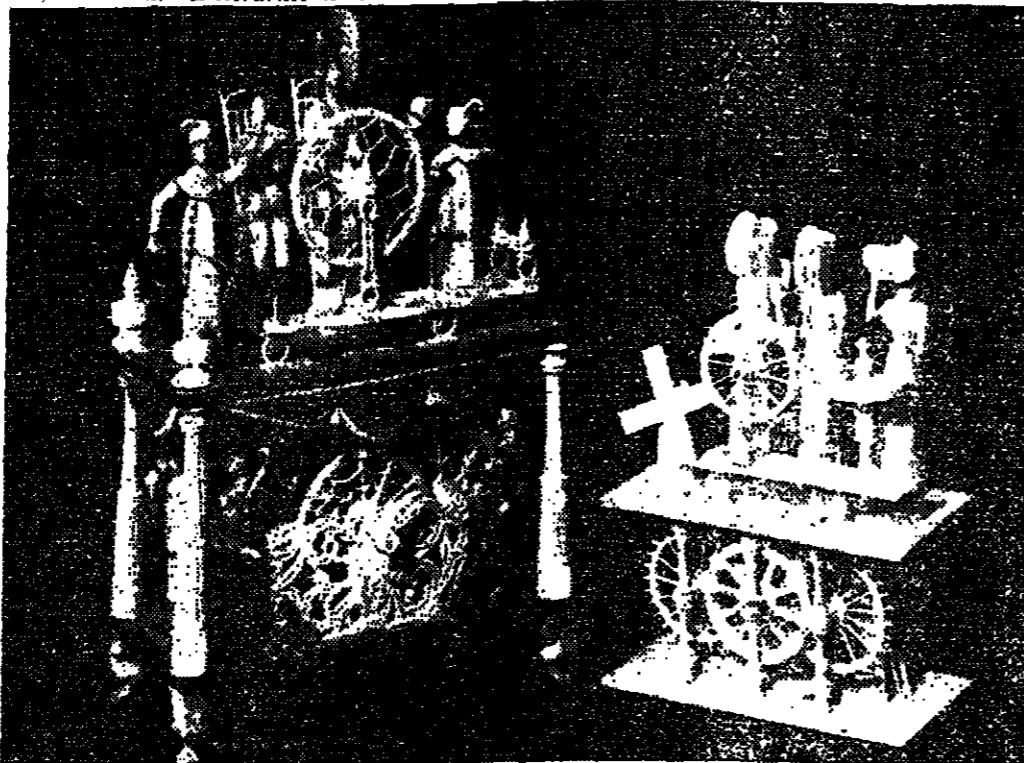


COLLECTING

Arts of 'Boney's' war

BY JANET MARSH

"FRENCH prisoner-of-war work" is a phrase freely tossed around by antique dealers...



A French Napoleonic P-O-W Spinning Jenny made from bone and straw, £1,650 (left) and another of ivory, £32.

The French prisoners, making pictures, boxes, caddies and the like, acquired great skill and taste at the work...

SPORT

Ben Wright looks forward to the next stage in power golf Breaking the 60 barrier

ONE OF Gary Player's more extravagant statements in the wake of a round of 59 at the rather short Gavea Course...

man they likened the sub-60 psychological barrier to that which Dr Roger Bannister burst through so long ago in Oxford...

Stadler won both at Tucson and at famed Congressional, Washington, DC in the Kemper Open by seven shots.



Gary Player... the prophet

business. Floyd has now won major titles in three different decades, having previously won the 1969 USPGA and the 1973 U.S. Masters...

Changing fashions of collecting

ONE OF the less obvious superlatives contained in the forthcoming Guinness Book of Stamps which I have had the privilege of compiling is the fact that the Stanley Gibbons Stamps of the World, 1982 edition, is the largest single-volume catalogue in the world...

STAMPS JAMES MACKAY Catalogue and soon became something of an institution in the philatelic world.

collector who enjoyed stamp design rather than the technical minutiae of perforations, watermarks and paper differences.

VANDERBILT CC 01-836 1988. Eve S. JACKSON CHRISTIE'S AUCTIONEERS, 100 N. MICHIGAN ST., CHICAGO, ILL. 60611. NINE MONTHS CONDITION GUARANTEE.

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PROSPECTS FOR THE WORLD ROWING CHAMPIONSHIPS BY MICHAEL DOMNE Another big chance for Britain EIGHTY of the fittest, toughest and most experienced British oarsmen and women, flew out this week with their coaches and officials to Varese, in Italy, for their final training for the World Rowing Championships to be held in Lucerne, Switzerland, from August 22 to 29.

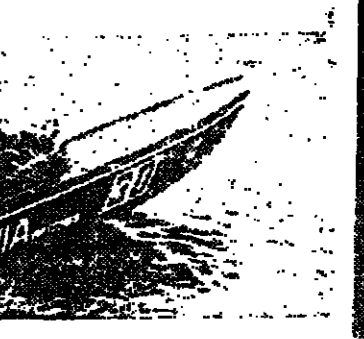
Alan Forrest reports on a Cowes week that is different

Towards a ton-up in the Solent

AT THE launching of cigarette manufacturers' Stuyvesant's sponsorship scheme for powerboat racing earlier this year, there was nostalgic talk of Malcolm and Donald Campbell and Henry Seagrave and the days when Britain provided the fastest men in the world on water.

The growth of offshore powerboat racing in the past 21 years has found Britain lagging behind the Italians and the Americans—Stuyvesant's injection of nearly £1m into the sport is aimed at bringing us back to the golden age of the Campbells and Seagraves. Nowadays, the sport is very different.

The old water speed kings were lovers, chasing records on stretches of inland water such as in the Lake District. Seagrave died there and his lake-land memorial is still a place of pilgrimage for tourists. Now the name of the game is competition, racing on tidal waters with a crew of two, a driver and a throttle man, with glittering prizes to be won.



John Player Special

power, but with his interests in powerboat manufacture, he looked further.

Prospects for the world rowing championships by Michael Donne

Another big chance for Britain

EIGHTY of the fittest, toughest and most experienced British oarsmen and women, flew out this week with their coaches and officials to Varese, in Italy, for their final training for the World Rowing Championships to be held in Lucerne, Switzerland, from August 22 to 29.

The crew has steadily been making progress throughout the season, under the watchful eye of their coach, Penny Chuter, the senior national coach. They were in the lead at the Head of the River Race on the Thames Tideway in record time, and won the national championships; came first at the Nottingham International, and at Duisberg and Amsterdam; won the Grand at Henley, and came second at Vichy to the Russian world champions.

But the competition at Lucerne will be formidable. The Russian champions have also shown their strength at Mannheim and Vichy this season, while the East Germans have won in Moscow, Amsterdam and Garmisch. No-one can be taken lightly in the heavy weight eight event, with the Americans, West Germans, French and Czechs also likely to prove tough opponents.

likely to be tough, including the world champion Agricola from West Germany, the Swede Svensson and the Argentinian Ibarra.

trip is the mount on the progressive Wildhorn in the Ladies' broke Nursery Handicap. Wildhorn, who did his best to take back his Boy last time out, is suggested as the day's best bet.

RACING BY DOMINIC WIGAN

NEITHER Address nor Easter Sun were seen at their most effective in their recent races but I feel more than hopeful that they will be back to somewhere near their best for today's Geoffrey Freer Stakes at Newbury.

comes in for the plum ride on the Byring Horage in the Washington Singer Stakes. McCormack's Tumble Wind colt, the 11 lengths Coventry Stakes conqueror of Kafu, retained his unbeaten record in typically courageous style on the July course last month. There seems no reason why he should not make it eight successes in a row today.

NEWBURY 2.00 Divine Madness 2.30 Andrews 3.00 Hold Tight 3.30 Horage 4.00 Royal Kingdom 4.30 Special Leave WOLVERHAMPTON 2.00 Wildhorn\*\*\* 2.30 Malhabba\*



# Why the market got the jitters

By Robert Cottrell in Hong Kong

## Unfulfilled promise

THE U.S. ... effect this ... to be pr ... with auth ... the regio ... Powers A ... But opp ... still comp ... the Gulf ... use d by ... Johnson ... U.S. inv ... the mid-1 ... Before ... Senator J ... wing R ... Carolina.

TWELVE MONTHS ago the newly industrialising countries (NICs) of the Far East appeared to be the white hope of an otherwise gloomy world economy. Portfolio funds flowed into eastern stock markets to cash in on Japan's seemingly endless economic success as it powered its way out of deficit after the second oil crisis. Western money was also keen to back the self-starting dynamism of newer economies such as Hong Kong and Singapore.

Today the picture looks rather different. Over the past two weeks Japan has seen the Nikkei-Dow Jones average plunge giddily. Even more spectacular has been the slide of share prices in Hong Kong. In the latter case there are peculiarly local factors at work. The fall reflects waning confidence about the intentions of China towards Hong Kong when the lease runs out in 1997 in a market that is heavily biased towards finance and property, and has always been prone to speculative lurches.

But there is also a wider unease concerning the difficulties of penetrating markets in the West when demand in the OECD countries is at a low ebb and pressures for protectionist measures is increasing by the minute. For Hong Kong the problem centres particularly on the Multi Fibre Arrangement which governs the terms of textile business between the developed and the developing countries. For Japan there are a number of difficult areas of which cars are probably the most visibly contentious.

The OECD is forecasting an acceleration of gdp growth for Japan to over 4 per cent by the second half of 1983, while admitting to serious doubts about the underlying assumptions in its projection; some relate to the risk of heightened trade frictions.

Dependent In Hong Kong no one expects earlier projections of 5 per cent growth for the current year to be met. In South Korea and Taiwan, two other miracle economies of the 1970s, the going has become much tougher. The dynamism has been partly stifled.

However, compared with those developing countries which are heavily dependent on primary products, the average fall in non-oil commodity prices in dollar terms since the peak level in 1980 is more than 30 per cent and many prices are now at their lowest level since World War II. Even oil producers are feeling the pinch.

This is particularly true of the high absorbers in Latin America such as Mexico, which have substantial debts to service. The Mexicans have been seriously worried about the risk of default and felt obliged

CAN Hong Kong really be in such a precarious state, if the Peiking-owned Bank of China is prepared to pay HK\$1bn (250m) for a medium-sized car park, and perhaps the same again to build a prestige new headquarters on the site?

The common-sense answer, at first glance, is no. So when the deal was announced last week and by a local newspaper with strong China links, the Hong Kong Government confidently expected it to be seen as a boost to confidence at a time when the British colony is profoundly nervous about its future (see panel).

Yet on Monday, the local stock market indicator, the Hang Seng Index, registered a near-80 point decline. Local property analysts were shocked by the deal. The Government found itself surprised and not a little vexed at the apparently nervous reaction. The stock markets hesitated for two more days, and then on Thursday the index plunged a full 100 points—wiping 10 per cent off stock values. Other factors were also at work, including the weakness of the local Hong Kong dollar against the U.S. currency. But the Bank of China cast a long and gloomy shadow.

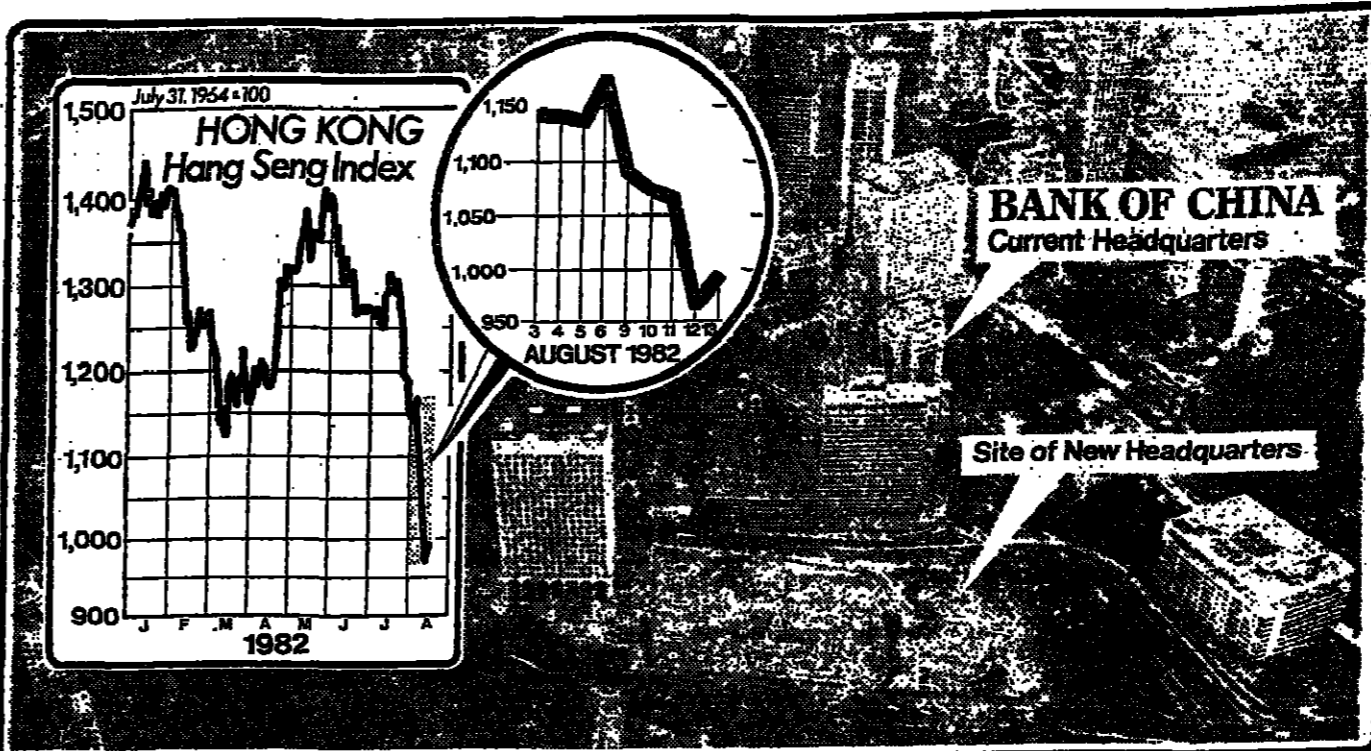
Criticism of the Government by property and stock market men was equalled by criticism within government of the conduct of the market. In a territory marked by its generally harmonious relationship between business and government, mutual misunderstanding drove a wedge between the two sides. The affair is an object lesson in how rapidly and fundamentally Hong Kong's worries about the future are catching up with its present-day workings, and how sensitively negotiations of the "1997" issue will have to be handled.

The announcement of the Bank of China's acquisition of the 6,700 square metre Murray Road car park followed a year

### Bank of China wanted to upgrade presence

of private negotiation with the Government as freeholder of the land. The Bank of China's existing building in Central District—which it will maintain—was becoming overcrowded. Next door, the Hong Kong and Shanghai Banking Corporation was preparing the ground for its own smart new headquarters building. Bank of China wanted to upgrade its own presence, and settled with the Government on the Murray Road car park site to do so.

It is reckoned unseemly for a major Chinese state corporation to enter the fray of the Hong Kong auction market for new headquarters sites. China Resources, the umbrella company for a wide range of Chinese trading and investment interests in Hong Kong, negotiated its own new headquarters



### 1997: TIME IS RUNNING OUT AND NERVES ARE WEARING THIN

THE YEAR 1997 is critical for Hong Kong because it is then that Britain's 99-year lease over the New Territories—which makes up the bulk of mainland Hong Kong—expires. Hong Kong island and the Kowloon peninsula were ceded to Britain in perpetuity under separate 19th century treaties.

Hong Kong's economic importance to China has inclined China to tolerate its colonial status—even during the politically extremist years of the Cultural Revolution. The expiry of the New Territories lease, however, forces a formal reconsideration of Hong Kong's status.

Recent indications from Peking are that China wishes to resume sovereignty over the whole of Hong Kong around 1997, but at the same time striving to preserve its prosperity. Investors are worried over how those objectives can be reconciled. The crossing of the 15-year mark towards 1997 in June this year spurred speculation about Hong Kong's future, and this has been compounded by the visit to Peking next month of Mrs Thatcher, the British Prime Minister. China's new draft constitu-

tion provides for special zones within the country run according to their own rules. Hong Kong business would, however, balk at an administration which lacked real autonomy. Other local hypotheses have included "leaseback" deals, and an administration alternating British and Chinese leadership. The only present certainty in Hong Kong is that time is running out and nerves are wearing thin.

British or Chinese government officials into a realisation of just how vulnerable Hong Kong already was. Senior Government officials bit their lips and, in some cases, spoke out. Financial Secretary Mr John Bremridge described the market's adverse reaction to the Bank of China deal as "absolute lunacy". He was on the right track. The market was certainly neurotic, if not quite lunatic.

For one thing, the Bank of China was a special case. It had received a private treaty grant in the way that China Resources had done so, and that the New China News Agency—which informally discharged a quasi-diplomatic function in Hong Kong—might conceivably do if it so wished. These are the leading Chinese institutions in Hong Kong, and China and Hong Kong have by any standards a special relationship of mutual interest.

The HK\$1bn price tag was, by property analysts' reckonings, cheap. But the Hong Kong property market is highly volatile. When the Hong Kong Land Company acquired its HK\$4.7bn "Connaught Two" site in February, the auction attracted a handful of widely spread bids. If, hypothetically, the Government had given an auction for Murray Road car park and nobody came, the

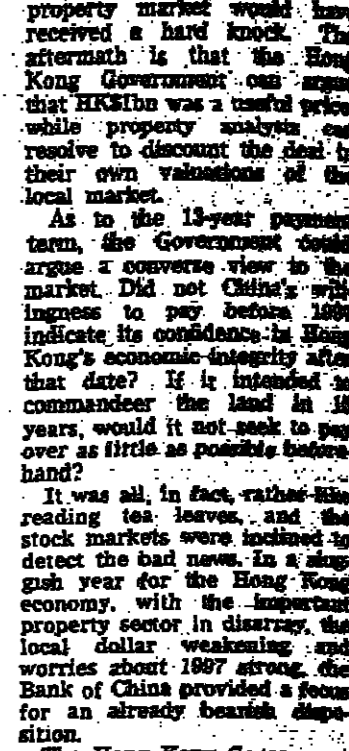
worse shape than previously suspected. The announcement the next day that the Government was charging the Mass Transit Railway HK\$1.5bn for a neighbouring and smaller site did little to dispel confusion, despite government assurances that the MTRC site was of better quality, and had been under negotiation at a time when property values stood at higher than present levels.

Having marked time on Tuesday and Wednesday, reflected on some unsettling interim corporate results and accumulated the old unsettling corporate rumour, stock market dealers heard running round the market on Thursday the story that an influential local broker was taking a decisively more bullish tack. For the institutions, which had held gamely on through the small selling and even bought the odd share at supposed "support" levels for the market, enough was enough. They sold leaving the 1,000 mark behind as if it were nothing more than a nice round number. Positions were covered on Friday to see the market modestly up, but still below 1,000. It was a "technical correction".

The widest-minded conspiracy theorists even wondered whether they were seeing some organised chaos at work in the market, intended to shock either

as it moves towards a resolution of its future. Nobody in Hong Kong knows what is going to happen in 1997, yet everybody wants to be told—and fast. The government is confident that a happy resolution will be found, but the rhetoric of reassurance has run its course.

Hong Kong may have surprised even itself by the speed with which it has accelerated the 1997 question to such a state of immediacy and importance. In the spring, the Hong Kong stock market was the strongest in the world. Last week it was shell-shocked. All eyes are now on Mrs Thatcher's visit to Peking next month. The raw nerves exposed last week will not then be soothed by words of vague encouragement.



Bob Hutchison

property market would have received a hard knock. The aftermath is that the Hong Kong Government can argue that HK\$1bn was a useful price, while property analysts can resolve to discount the deal in their own valuations of the local market.

As to the 15-year payment term, the Government itself argued a counter-claim in the market. Did not China's willingness to pay before July indicate its confidence in Hong Kong's economic integrity after that date? If it intended a commander the land in 15 years, would it not seek to pay over as little as possible beforehand? It was all, in fact, rather like reading tea leaves, and the stock markets were inclined to detect the bad news in a sluggish year for the Hong Kong economy, with the important property sector in disarray, the local dollar weakening and worries about 1997 strong, the Bank of China provided a focus for an already bullish disposition.

The Hong Kong Government might have taken a more helpful line in soothing sentiment. Rather more emphasis on the special situation of the Bank of China in Hong Kong, and rather less on the "market value" of the site, would have been more easily digested by the stock markets and the property sector. In fact, the HK\$1bn price was little more than nominal since it was heavily discounted by the 13-year 6 per cent terms at a time when many companies would be happy to find six-year leases at 13 per cent. How, too, could a "market value" be assigned to a site which had not been put on the market?

### A time when confidence is crucial

The most disturbing aspect of the last week in Hong Kong has been that it has seen the Government and sections of the financial community split from one another, at a time when mutual confidence is crucial to the colony's stability.

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### Letters to the Editor

Trade From the Managing Director, Malton Textiles

Sir—The current dispute between the EEC and the U.S. about restrictions being placed on steel imports to the U.S. is being widely publicised. It is high time that similar publicity is given to the effect that imports of cheap polyester and polyamide based textiles from the U.S. has had on the EEC textile and fibre and related textile industries.

Though very much an advocate of free trade and critical of that part of the UK textile industry which was clearly inefficient in the 1960s and 1970s I believe it is unreasonable that the slimmed down industry now left should continue to suffer through imports from the U.S. The import duty charged by the EEC is only 9 per cent plus a provisional and easily circumvented additional dumping duty on a limited range of fabrics. In the reverse direction a duty of up to 40 per cent is placed on similar EEC fabrics going into the U.S. Certain EEC governments, in particular Italy, alleviate the situation to some extent by giving financial support to their man-made fibre producers but this is not so in the UK.

There are various reasons for the low price of U.S. synthetic textiles including their large scale of production and specialisation but an important element is also low energy prices which are partly the result of government controls. This affects not only fabric manufacturing costs but also yarn production, polyester and polyamide being bi-products of the petrochemical industry.

It is perhaps understandable that the EEC does not increase the limited protection afforded the clothing and cloth manufacturing industries from imports from low cost developing areas such as the Far East but why should we suffer because of imports from a fully deve-

loped economy such as the U.S. especially when they are clearly prepared to protect one of their own basic industries, steel?

D. Smith, Malton Textiles, Bean Sheaf, Kirby Misperton, Malton, N. Yorks.

Strange From the Managing Director, Herron Fleets and Leasing

Sir—I find it strange to read (August 4) in this day and age that women lose out through the old-boy network. Presumably the Prime Minister would not agree.

Jean Denton, Herron House, Wembley Hill Road, Wembley, Middlesex.

Asbestos From the chairman, Burlington (Savile Row) Shirts

Sir—I am a shareholder in Turner & Newall and have seen the share price deteriorate due to the asbestos scare. I am also worried about the unfortunate people who become ill because of asbestos. But what would happen if the motorist could not get brake linings due to the demise of the manufacturers?

Would it not be more sensible to double the price allowing for improved health conditions and possible compensation? The petrol companies would be in a fix if motoring came to a halt.

G. Doffis, 25 Savile Row W1.

Commissions From the Secretary-General, Life Offices Association

Sir—Correspondence (August 7) following Rosemary Bur's article on commission rates (July 31) shows some misunderstanding of the objectives

of the Life Offices Association/Associated Scottish Life Offices commissions agreement. This agreement, which has been in force for many years, aims to protect the consumer by preventing the level of commission paid to independent intermediaries becoming an influencing factor in the selling of life insurance—in other words, helping to ensure that consumers receive impartial and unbiased advice. It also helps to prevent an escalation of commission rates, the cost of which, in most cases, would have to be borne by the policyholder in one way or another.

The payment of overriding commission by an insurance company is a matter of public interest, although often claimed to be justified by a saving of other costs, must surely prejudice the impartiality of the intermediary involved.

The remuneration of employees or direct salesmen who sell the policies of one company falls outside the scope of the agreement because the question of giving advice on contracts available from different life insurance companies does not arise. These agents must, by law, disclose the name of the company for which they are acting.

T. H. M. Oppé, The Life Offices Association, Aldermany House, Queen Street, London EC4N 1TP.

Lloyd's From Mr N. Dangoor

Sir—Allow me to correct John Moore's statement (August 7) concerning the new Lloyd's ruling council that this is the first time that external members will have had a recognised statutory right to participate in the government of Lloyd's. This is the false impression that was given by a Fisher report.

Hitherto, the majority non-working members have had the same rights as working mem-

bers to vote and sit on Lloyd's ruling body but they were not encouraged to exercise their authority. This potential control of their society was taken away from them by the new Lloyd's Act for the promise of a new headquarter market for consultants, Jones, Lang, Wood, estimates a market price of perhaps HK\$1.5bn as what the Government might have received for Murray Road.

The property market in Hong Kong has been on the slide. The site could have been priced around HK\$2.5bn a year ago. But were things really this bad? Property (not property companies) accounts for around two-thirds of assets quoted on the Hong Kong stock markets and it could do without any further battering.

Why 13 years? Here, surely, was the opportunity to demonstrate that it would be "business as usual" through and beyond 1997, by scheduling payments over perhaps 20 years.

Government revenues. Land sales are an important part of income. The Government will be hard pushed to throw up a useful budget surplus this year. Pricing Murray Road at an apparent discount could scarcely help.

Independent external members can make a very useful contribution to the running of Lloyd's. Their willingness to do so is demonstrated by the fact that hundreds will be standing for election to the council.

N. E. Dangoor, 25 Albert Hall Mansions, Kensington Gore, SW7.

Energy From Mr J. Harding

Sir—Your report (August 4) on the Midland Electricity Board's plans for a combined heat and power (CHP) station at Port Dunlop, properly drew attention to the long overdue consideration by the nationalised public electricity supply authority of its obligations under the 1957 Energy Act.

It is a sad reflection on the public supply authority that it has taken it so long to usefully employ heat products resulting from its operations as a means of improving its efficiency, and to the national interest. Contrary to your statement that the Midland Electricity Board had built Britain's first and only CHP station at Hereford, it had in fact belatedly followed the lead given by at least one private electricity undertaking in the use of combined heat and power for the benefit of industry. Slough Estates has been supplying industrial consumers with steam heat from its CHP station for the last 30 years. In addition, it supplies electricity to industrial, commercial and domestic consumers. The power station has recently

been modernised with a combined cycle addition to the existing CHP operation, utilising a 24 MW gas turbine-fired waste heat boiler combination uniquely capable of firing heavy fuel oil, gas oil and gas in any combination to suit commercial requirements.

This certainly is a first in Britain, and again demonstrates the leadership position played by private industry, not least in areas which are generally regarded as the monopoly preserve of the public sector.

J. C. Harding, Slough Estates, 234 Bath Road, Slough, Berks.

Cornwall From Mr M. Sheppard

Sir—In your article of July 21 concerning a boost to Cornish economy by energy explorations in the western approaches, you conclude by stating that the consensus is that exploration "will provide only a little boost for Cornwall's economy and will cause minimal environmental disturbance."

Related to Penzance and the increased use of the helicopter I believe both contentions to be fallacious. Presumably, from London, you cannot see that immediately adjacent to the helicopter is a holiday complex and we would not regard the environmental disturbance to be minimal if you allow us to include noise pollution and airborne dirt caused by prop wash. Until recently there was a single helicopter operating the passenger service to the Isles of Scilly and this did not usually operate during darkness or on Sunday unless there was a backlog. Now there are four helicopters, some of which will operate during darkness and on Sundays as dictated by circumstances, and the increased activity is compounded by additional maintenance and flying practices.

Therefore as we are suffering environmental pollution, we must be gaining, even if only a

little financially. We have difficulty seeing how. We are unaware of the helicopter being revalued to give higher general rate income to cover its increased use (four machines as opposed to one). In addition, it is possible for the adjacent holiday units (some are very adjacent) to succeed in having their rateable values decreased due to increased helicopter operational activity—consequently, the general rate income will decrease. Next, we must consider the increased employment. Well not really, as presumably all of the technical staff have to be imported as helicopter pilots and maintenance crews are not abundant in Cornwall.

There is a third financial minus. The holiday industry is in some difficulty at present, especially in Cornwall. There is plenty of surplus accommodation far away from helicopters so it is conceivable, unless we can appeal to the helicopter "enthusiast" that the advantage of increased use of the helicopter will reduce input into the Penwith (our part of Cornwall) economy due to a reduction in the numbers of holidaymakers.

Now there must be a plus to put against these three minuses and here it is—the extra staff at the helicopter will need feeding and a roof over their heads. Hardly massive compensation.

Let us make one thing clear, we have no disagreement with the helicopter operators and crews at Penzance with whom we had a reasonable relationship during passenger-only operations and who, as far as we can tell do their jobs well. We realise they are merely carrying out a brief laid down by others.

Only one thing is certain, those who gain will be far from Cornwall or Penzance and society, while reaping the benefits, will do nothing to compensate Penzance for the losses.

M. J. Sheppard, Halswell Cottage, 55 Halswell, St Ives, Cornwall.

### Some of the worst wounds...

### are the ones that don't show

It used to be called shell-shock. Now we know more. We know that there are limitations to the human mind.

Soldiers, Sailors and Airmen all risk mental breakdown from over-exposure to death and violence whilst in the service of our Country. Service... in keeping the peace in Northern Ireland no less than in making war.

We devote our efforts solely to the welfare of these men and women from all the Services. Men and women who have tried to give more than their could.

Some are only 19, a few are nearly 90 years of age. We help them at home and in hospital. We run our own Convalescent Home and, for those who are homeless and cannot look after themselves in the community, our Hostel gives permanent accommodation. For others, a Veterans' Home where they can see out their days in peace.

These men and women have given their minds to their Country. If we are to help them, we must have funds. Do please help to repay this vast debt. It is owed by all of us.

"They've given more than they could— please give us much as you can."

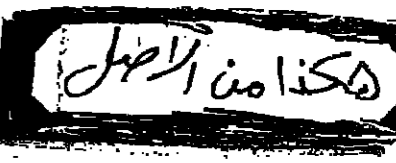
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Arthur Sandles reports on the cruising industry as Britain's major liners are refitted after the Falklands campaign

# All dressed up and ready to go



GUNARD WILL be making the most of this morning's departure of the QE2 for New York—the liner's first passenger-carrying trip since she was requisitioned for service as a troop ship during the Falklands crisis.

The bunting will be abundant, the bands bigger, the cheers louder and the smiles broader than usual. Hordes of TV cameramen have been taken on board for the cross-Channel hop to Cherbourg.

Lord Matthews, the Cunard chairman, must hope that their pictures will fill the world's television screens. For the fact is that passenger shipping generally needs such publicity desperately. Today there is not an empty cabin aboard the QE2—partly due to the glamour of its return—but cruising generally is enduring what is euphemistically described as a "soft" season.

If the departure of the QE2 from Southampton, and its expected triumphant arrival in New York next Thursday can rekindle seaborne passenger enthusiasm then the glasses will be raised in many a shipping boardroom.

Today the QE2 is a somewhat different creature from that which its first passengers saw more than a decade ago. There is a different colour for a start.

After years of having a black hull with her white superstructure, as a result of her post-Falklands refurbishing, she now has a grey hull. The red funnel of Cunard's golden age has returned. She looks either graciously stately or intriguingly drab according to your taste in such things.

Inside too there have been major alterations, a complete rebuilding of the ship's prime restaurant, the Queen's Grill and several pieces of what

Cunard calls "cosmetic changes."

In less than a month's time it will be P & O's turn to put on the big show. The Canberra, which also served in the Falklands, will sail for Gibraltar on the first stage of a two-week Mediterranean cruise and she too will be fully booked. There is a waiting list of passengers wanting to pay the £587-£1,738 that a berth costs for the voyage.

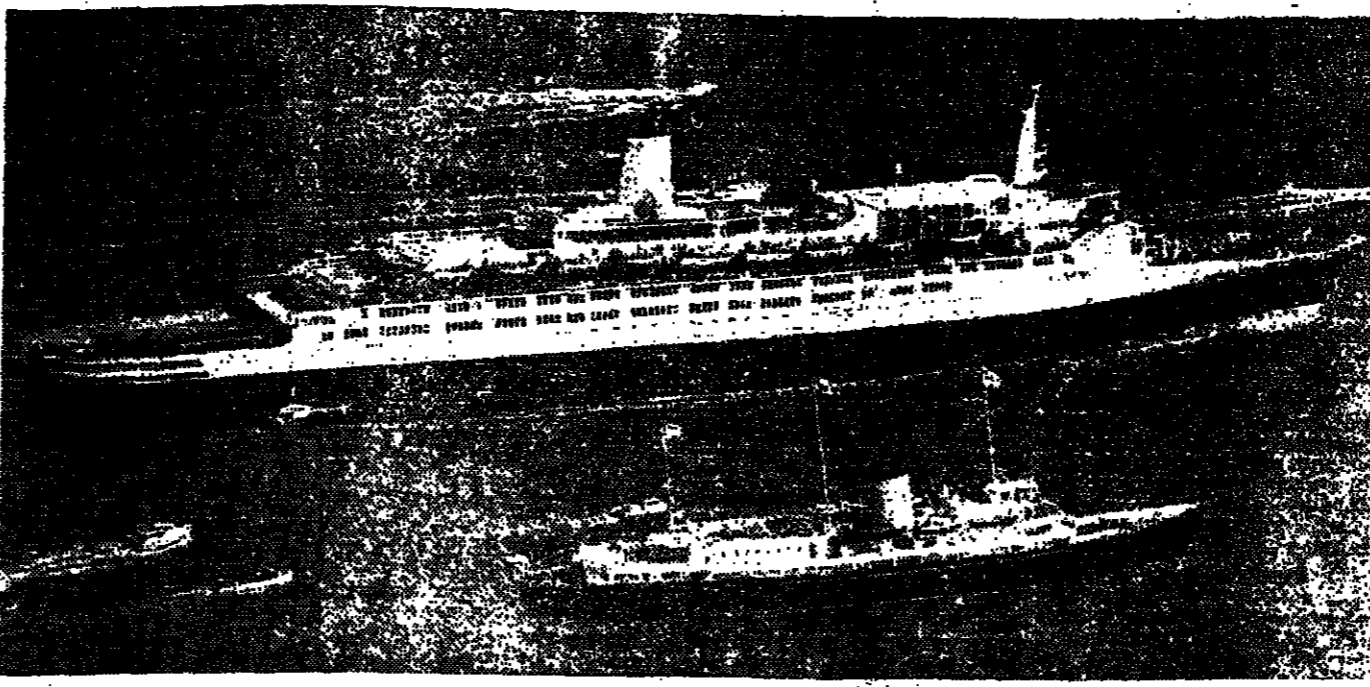
Towards the end of September a third Falklands vessel, P & O's Uganda, will be showing off her new paint and setting sail for Cadiz and a return to her permanent territory in the Med on educational cruises.

P & O too will be incorporating substantial changes to the interior of their ships. In the case of the Canberra, apart from recarpeting and redecorating the vessel there will be major air conditioning changes and a new bar.

For both P & O and Cunard, and probably for other lines which have been observing the post-Falklands refitting operations, the experience has provided some valuable lessons.

"We are thinking of the QE2 now as having a fairly indefinite life," says Cunard. "We have been impressed by what we can do in only two months. We realise that we have a body within which we can replace any organ we choose when we wish to."

In particular Cunard has been able to spend a great deal of time on the ship's turbines. The QE2 has three and, on the first "shakedown" cruise of Christmas 1982 she gave a great deal of trouble. Since then, however, they have whirred away problem-free and Cunard's main method of servicing them has been to start them down at a time on cruises (where speeds are lower than on trans-Atlantic runs) and do most routine servicing at sea. "Now we have



The Queen Elizabeth 2 returning to England after the Falklands fighting passes the Royal yacht Britannia

been able to give them the equivalent of a 50,000 mile service." Crucial fuel efficiency may be improved as a result.

For all the razzamatz at Southampton today, however, the British are not the cruising or trans-Atlantic voyagers that once they were. While cruising internationally has grown over the past 20 years, and while there is optimism for the future, in spite of the present lull, sales of cruises to British have dwindled. It is thought that the present UK cruise market of around 100,000 people a year is only half what it was a decade ago.

It is not necessarily the cost of a cruise that has done the damage. Even at the top end of the market where the QE2, Canberra and P & O's new Sea Princess operate, a reasonable outside cabin with full meals and a regular supply of new vistas will cost only between £80-£100 a day. This is considerably less than a de luxe room in Park Lane or mid-town Manhattan would cost with meals, and in the ships' case it is a hotel that moves.

The UK decline seems to result from the British weather and the appeal of rival attractions. If a ship sails out of Southampton it is a day or so before she hits the really warm waters of cruising territory. The big league departure ports for these days are Miami, Los Angeles and Piraeus.

The market for cruise out of the UK has gone increasingly to small Soviet ships whose remarkably low prices reflect

a need for hard currency rather than a realistic view of ship-board economics. It is increasingly clear that the UK market alone cannot support too many ships of the QE2's ilk which may have to gross £150,000 a day to stay in profit—a level Cunard claims to be achieving.

Twenty years ago cruising in many regions of the world, notably the Pacific, was simply a matter of catching mixed passenger and cargo liners heading in a suitable direction. Today the liners have largely gone, replaced by unromantic container ships. The demand is now met by the specifically designed cruise vessels that today's market demands.

These ships tend to be owned, and operated, by the British, the Norwegians and the Russians. The crews are a mixed collection of the international seafaring world. Most of the up-market ships tend to operate in the Caribbean, the Mexican and U.S. Pacific coasts and in the south west Pacific. In these areas where the customers are predominantly American, but increasingly polyglot, there seems to be an almost universal optimism in the shipping community.

P & O's recent decision to go ahead with the building of a 40,000 grt vessel at the Wartsila yard in Finland was not taken in isolation (before the Falklands crisis arose it was assumed that the new ship's arrival would see the Canberra's departure). The P & O order brought the number of cruise

ships under construction worldwide to six. A further six new vessels will have entered service in the course of this year.

With the exception of the Sea Princess none of these is aimed at the busy UK market. The target is the world-wide cruise business, with an estimated 2.5m passengers a year at present.

It must be remembered that the lead time in shipbuilding is considerable. The P & O ship being built in Finland may not be in service until the spring of 1983. Vessels entering service now were ordered to coincide with the much predicted recovery in the U.S. and world economy. The ships are now arriving, the upturn that is supposed to support them is not.

The current surge in building and delivery has been seen once before, in the early 1970s. The QE2 was one of the first of a new breed of ships specifically designed to be large and yet capable of entering shallow water cruise harbours. In its wake some 25 new vessels of similar type slid into the water around the world. The oil crises of the mid-1970s made shipping margins think twice before ordering further vessels but by the end of the decade orders picked up in anticipation of economic recovery and in the belief that whoever had the right ships would scoop the pool.

These new generation ships are dumpy looking and make the old trans-Atlantic liners seem like greyhounds. Royal Caribbean Cruise Lines (RCCL) new *Sons of America* cruise vessel is 37,000 grt, some 30,000 less than the QE2, but she will carry 1,575 passengers—only 300 fewer than the Cunard flagship. The saving in fuel is clearly going to be considerable.

The big ships should not be discounted, however. Another Scandinavian group, Norwegian Caribbean, has recently spent \$15m in a dry dock revamping of its SS Norway, a ship which sharp eyes might recognise as the once retired queen of the French mercantile fleet, the *France*. Among the changes backstage is the introduction of two new specially designed propellers which are reckoned to have increased fuel efficiency by 7 per cent. This is on top of the savings which NCL achieved when curbing the *France's* initial horsepower to deal with cruising's less taxing demands. In maintaining a speed of 18.5 knots these days the ship uses 66 per cent less fuel than she did when racing across the Atlantic under French colours.

The cost of doing all this was probably less than the basic \$130m which RCCL is said to be paying for its *Sons of America* and far less than the £200m which Cunard reckons it would cost to build a new QE2 today. But none of this construction is being done in Britain. The Germans have picked up some but the market has been cornered largely by the Finns. The Koreans and Japanese yards have as yet shown little sign of breaking into the business. In the past yards such as Harland and Wolff were regarded as natural places to shop for new tonnage. Today, however, it is the shipways of Helsinki that echo to the sound of passenger shipbuilding activity rather than those of Belfast or the Clyde. Thus the QE2 sails off today when world passenger shipping is in an uncertain state. The world's fleets are all dressed up and ready to go. The question is whether the market place has the wherewithal to purchase their undoubted pleasures.

## Weekend Brief

### Commemorating a raid of 1942

AS LONG as old soldiers survive, the 1942 Dieppe Raid will be argued over — along with those other less than spectacular successes of World War II — Arnhem and Cassino. It is 40 years ago this month that 5,000 Canadian troops, stationed in England and mostly around Aldershot and Salisbury Plain, were called on to lead "Operation Jubilee" — an assault on the German defences in the Dieppe area, an attack which was widely regarded as a "rehearsal" for the eventual invasion of Fortress Europe, then nearly two years away, but only 2,200 returned.

### And a war of this summer

A task force of 105 authors, 88 men and 17 women, sails today in hard and soft covers to carry on the battle in the South Atlantic. You can count them all out — from John Arden to Hesthote Williams — and you can count them all back through Muriel Spark, Christopher Hampton, Roald Dahl, Max Beloff. But you will be much less the wiser without two BBC reporters, recently returned. Their recorded dispatches from the Falk-

lands are published this week; with Brian Hanrahan's memorable phrase as title. His pieces, and Robert Fox's, are refreshingly short on opinion; they read no less well in print as they sounded on the air from the South Atlantic.

But the crew of novelists, poets, playwrights, humourists, politicians and academics comprised here — writers in the broadest sense — lay down minefields of pretension. Dragged into alphabetical order ("in the cause of objectivity"), armed to the teeth with sledgehammer convictions and round upon rattling round of words, they fired off replies to a questionnaire, following a precedent set by W. H. Auden in 1937, at the time of the Spanish Civil War. About one-

third of those "chosen regardless of any known opinions" did not reply to the request to say "for" or "against" our Government's response to the Argentine annexation, and "how, in your view, should the dispute in the South Atlantic be resolved."

Of those who did, 39 are "for," 59 "against," and eight seem pretty neutral. Cecil Wood and Jean Moorcroft Wilson, joint recruiting officers, editors, and publishers of "a book to provide a much-needed forum of debate," may have got the "random mix" they wanted; but they might have done as well — perhaps better — on a canvas as any cinema queue. With only four contributors expressing doubt about the venture, a single sentence from

Frank Muir sums up the obvious: "My political views on the Falklands are about as General Galtieri's views on 18th-century humorous novels." For the rest, few flickers of doubt intrude. Jilly Cooper thinks "Mrs Thatcher magnificent, our troops even better"; John Papworth is sure that "the answer is not to be found in that dangerously futile quango, the UN"; Dannie Absie sounds off on the legend of Helen, who may or may not have gone to Troy. The publishers declare their earnest hope that "future historians may find in this book a valuable record of intelligent contemporary opinions on the Falklands' conflict."

They must have written that before receiving Patrick Moore's contribution: "Any Prime Minister except Mrs Thatcher, since the time of Churchill, would have allowed them to get away with it! Had this happened, Gibraltar would have been the next to go — followed, possibly, by the Isle of Wight."

But future historians, join a cinema queue, with your BBC paperback tucked neatly into your pocket. Authors Take Sides on the Falklands, edited by Cecil Wood and Jean Moorcroft Wilson. Cecil Wood Publishers, £4.95 (17.95 paperback), 144 pages. I Counted Them All Out and I Counted Them All Back: The Battle for the Falklands, by Brian Hanrahan and Robert Fox. BBC Publications, £1.95, 128 pages.



Some of the survivors from Dieppe returning to England

convinced that the raid's real purpose was primarily political and the result of Canadians agitating for action.

Of the total 8,100 men who left England for Dieppe on August 18, 1942, 4,963 were Canadians. The rest were British commandos and a few U.S. Rangers, and Free French soldiers. Only 2,211 Canadians returned to England on August 19, and the others were dead, dying, wounded or captured at

Dieppe. Including those who died of wounds while prisoners of war after their return to England, 907 Canadians lost their lives. Of three VCs awarded two went to Canadians. The Federal Department of Veterans' Affairs in Canada has mustered an official party of 50 Canadians to the 40th Dieppe vigil and every Canadian regiment and unit at Dieppe will be represented. Among them will be Captain

Whitaker, later a brigadier and successful businessman on his return to Canada after the war. It will be his fourth Dieppe vigil. Despite his criticisms, he says that the Dieppe sacrifices were not in vain. The military and organisational mistakes were so bad that they had to be corrected and this saved thousands of lives in subsequent landings in North Africa, Italy and Normandy.

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For my part, I greet the TWA's assertion that someone will get the prize "within days" with hollow mucking laughter. And yet damn it, the salmon are there. The TWA is already over three years in to its £1m programme to make the Thames a salmon river again, thus putting the crowning touch to the 30-year old drive to make it the world's cleanest industrial river.

The upper waters were stocked with fry and over tens of thousands of smolts—very young salmon—have since found their way down to the sea. This is the first year they are coming back to breed. The authority itself has already caught more than 30. But then if you use an electric gun which knocks everything senseless for yards around then your chances are better than most.

Several hundred salmon are currently thought to be in the river. Next year there should be many more. The stocking will continue for another three years. If still successful, the TWA will then start modifying weirs up to Cookham. A final

phase would make accessible another 50 miles of river, as far as Clifton Hamden.

It is envisaged that, if everything works as hoped, the Thames will become a commercial as well as sporting salmon fishery. Of every three that enter the river, one would be to spawn the second for anglers the third for the fish market.

The main threat as ever is man made. Illegal netting in the estuaries by commercial fishermen ostensibly after sea fish has already played havoc with other salmon fisheries, and could do the same to the Thames.

In the meantime I shall forgive the summer's morning to be up and casting about, albeit fruitlessly. I shall not so lightly forgive my wife. That I should open the freezer to find a perfect 6-pounder—she who must be obeyed had skulled off to the local Bejams for one—struck me as a truly coarse fisherman's joke.

Contributors: Robert Gibbens, Gay Firth, John Griffiths

TODAY: Barclays Bank starts Saturday opening of its branches. Executive meeting of the Social Democratic and Labour party to discuss forthcoming elections for the new Northern Ireland Assembly. International Festival of Sound and Video opens at Harrogate Exhibition Centre (until August 17). TOMORROW: Namibian ceasefire due to start. MONDAY: Department of Trade issues provisional retail sales figures for July. DEPARTMENT OF Employment issues indices of average earnings in June and basic rates of wages in July. TUC Economic Policy Organisation Committee meets. Central Bank leaders to meet in Abu Dhabi to discuss commercial co-operation with Arab states. THURSDAY: Cyclical indicators for the UK economy in August announced by the Central Statistical Office. Department of Industry publishes provisional figures for capital expenditure by the manufacturing distributive and service industries and provisional statistics for manufacturers' and distributors' stocks for the second quarter. London dollar and sterling certificates of deposit for mid-July. UK Bank's assets and liabilities and the money stock (mid-July). U.S. Congress recesses. FRIDAY: Sales and orders in the engineering industries in May.

## Economic diary

Peter Blaker starts three-day visit to Gibraltar, Australian Budget. Mr Charles Haughey, Irish Prime Minister, due to meet union leaders over public spending cuts. WEDNESDAY: Central Statistical Office gives preliminary estimate of gross domestic product based on output data for the second quarter. Department of Employment issues indices of average earnings in June and basic rates of wages in July. TUC Economic Policy Organisation Committee meets. Central Bank leaders to meet in Abu Dhabi to discuss commercial co-operation with Arab states. THURSDAY: Cyclical indicators for the UK economy in August announced by the Central Statistical Office. Department of Industry publishes provisional figures for capital expenditure by the manufacturing distributive and service industries and provisional statistics for manufacturers' and distributors' stocks for the second quarter. London dollar and sterling certificates of deposit for mid-July. UK Bank's assets and liabilities and the money stock (mid-July). U.S. Congress recesses. FRIDAY: Sales and orders in the engineering industries in May.

## BUILDING SOCIETY RATES

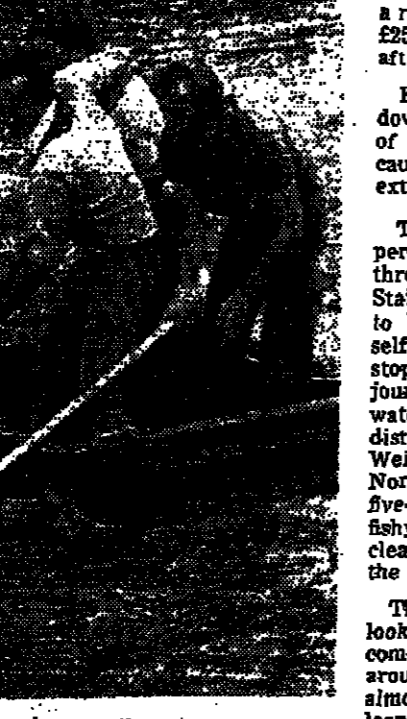
	Deposit rate %	Share accounts %	Sub'pn shares %	'Term shares %
Abbey National	8.50	8.75	10.00	10.25 1-year high option, 10.75 6 years sixty plus, 9.25-10.75 1-5 years open bondshares
Aid to Thrift	9.55	9.80	—	—
Alliance	8.50	8.75	10.50	10.25 4 years, 10.25 f500 min, 2 mths. not. or f100 + 60 days' int. pen.
Anglia	8.50	8.75	10.00	10.75 6 y., 3 m., 2 m. not. 10.25 1 mth. not. all int. loss
Birmingham and Bridgwater	8.50	8.75	10.25	10.75 5 years, 9.85 2 years
Bradford and Bingley	8.25	8.75	10.00	9.75 1 month's notice
Britannia	8.50	8.75	10.00	10.75 5 y. option bond, 10.00 2 m. not.
Bursdale	8.50	8.75	10.00	10.25 5 y., 3 mth. not., 9.75 1 m. not.
Cardiff	8.50	9.25	10.25	9.50 on bal. f3,000-10,000, + to f3,000 + f10,000 and over
Catholic	10.00	9.00	10.00	9.25 on share balances of f5,001 +
Chester	8.50	8.75	10.00	10.00 1 mth. or on demand (int. pen.)
Cheitelham and Gloucester	8.50	8.75	10.00	—
Cheitelham and Gloucester	—	9.75	—	— Gold Account. Savings of £1,000 or more (8.75 otherwise)
Citizens Regency	8.50	9.00	10.25	10.75 5 y., 10.05 3 m. not./Ann. int. 1.5%
City of London (The)	8.75	9.10	10.25	10.25 C.C. sds.—mths. not.—no pen.
Coventry Economic	8.50	8.75	10.25	10.50 4 yrs., 10.25 3 yrs., 10.00 3 mths.
Derbyshire	8.50	8.75	10.00	9.25-9.85 (3 months' notice)
Ealing and Acton	8.50	9.25	—	9.90 2 yrs., £2,000 min.
Gateway	8.50	8.75	10.00	10.75 5 years
Gateway	—	9.75	—	— Plus a/c f500 min. Int. 1-yearly
Guardian	8.50	9.00	—	10.75 6 mth., 10.25 3 mth., f1,000 min.
Hallifax	8.50	8.75	10.00	10.25 5 yrs., 3 mth's wd. notice
Heart of England	8.50	8.75	10.50	— 3 mths. notice 9.75 5 yrs., 10.75
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75 5 yrs., 10.25 6 mth., 10.00 4 mth.
Hemel Hempstead	8.50	8.75	10.25	11.25 5 years, 10.25 3 months
Hendon	9.00	9.75	—	10.50 6 months, 10.25 3 months
Laureth	8.50	9.00	10.50	11.00 5 years, 10.25 6 months' notice
Leamington Spa	8.60	8.85	11.93	10.35 1 year
Leeds and Holbeck	8.50	8.75	10.50	10.75 5 yrs., 9.75 1 mth. int. penalty
Leeds Permanent	8.50	8.75	10.00	10.25 3 yrs., E.I. a/c f500 min. 9.75
Leicester	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 2 mths.
London Grosvenor	8.00	9.25	11.00	9.75 3 mths. notice 1 mth. int. pen.
Midshires	8.50	8.75	10.00	10.25 1 year
Morlington	9.30	9.80	—	—
National Counties	8.75	9.05	10.05	10.00 1 cal. month min. deposit f500, 10.75 6 mths. min. deposit f500
Nationwide	8.50	8.75	10.00	10.25 3 yrs., f500 min. int. wd. with penalty. Bonus a/c 9.75 f500 min. int. wd. with penalty
Newcastle	8.50	8.75	10.00	10.75 4 yrs., 9.75 24 days' notice, or on demand 28 days' int. penalty
New Cross	9.25	9.50	—	9.50-10.00 on share accs. depending on min. balance over 6 months
Northern Rock	8.50	8.75	10.00	10.75 5 yrs., 10.25 4 yrs., 9.75 2 yrs.
Norwich	8.50	8.75	10.25	9.75 3 yrs., 9.50 2 yrs.
Paddington	8.25	9.25	10.75	10.25 Loss 1 month int. on sums wd.
Peckham Mutual	9.25	9.50	—	10.00 2 y., 10.5 3 y., 11.0 4 y., 9.75 Bns.
Portsmouth	8.85	9.05	10.55	11.10 (5 yrs.), 10.50 (6 mths.)
Property Owners	8.75	9.25	10.75	10.75 4 yrs., 10.75 6 mth., 10.25 3 mth.
Provincial	8.50	8.75	10.00	10.75 3 yrs., 9.75 1 month
Scarborough	8.50	8.75	10.00	11.00 3 months' notice int. pen.
Skipton	8.50	8.75	10.00	9.85 10.00 28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00 2 yrs. (early withdrawal option)
Sussex Mutual	8.75	9.25	10.75	9.50-10.75 all with special options
Town and Country	8.80	8.75	10.00	10.50 3 y., 9.0 d. wd. not., 10.1 m. not. or imp. wd. 28 days' int. loss
Wessex	8.75	9.80	—	—
Woolwich	8.50	8.75	10.00	10.25 90 days (int. loss), 9.75 intmed. access (int. loss) or 28 days' not.
Yorkshire	8.50	8.75	10.00	10.25 5 yrs., 10.25 4 yrs., 9.75 3 yrs., 9.25 2 yrs., 10.00 Golden key 28 days' penalty interest

\* Rates normally variable in line with changes in ordinary share rates. All these rates are after basic rate tax liability has been settled on behalf of the investor.

the worst of this summer

ones t show

UKES ARE SOCIETY



TWA staff fishing the easy way



UK COMPANY NEWS

BIDS AND DEALS

First-half loss cut at Automotive Products

FIRST-HALF pre-tax losses of Automotive Products have been cut sharply from £2.95m to £1.25m for the period in June 25, 1982. Sales in this vehicle and aircraft equipment manufacturer rose by £3.7m to £105.88m.

Dollonds Photographic in reverse

Pre-tax losses of £165,007, against profits of £120,000, are reported by Dollonds Photographic Holdings, formerly British Cinema Photograph Theatres, for the year to January 31, 1982.

Hadson shares sink to 52p in opening dealing

Opening dealings in Hadson Petroleum International, the newest USM entrant, wiped 17 1/2 off the group's proposed capitalisation as shares sank to 52p from their offered price of 90p.

BRITISH NORTHPROP/PADWORTH INV.

By 3.30 pm on August 13, acceptances had been received in respect of the offer for British Northprop on behalf of Padworth Investments for 1.53m shares, representing 90.9 per cent of the shares in issue.

DIVIDENDS ANNOUNCED

Table with columns: Company, Current payment, Date, Total dividend, Total last year. Includes Alliance Trust, Ault & Wiborg, Dollonds Photographic, etc.

Ault & Wiborg maintains recovery—£0.7m midway

THE IMPROVEMENT seen at Ault & Wiborg Group in the second half last year, when first-half losses of £565,000 were transformed into profits of £120,000 at the year end, continued into the first half of the current year.

Vehicle sales at 'lowest ebb' but Manor National fights back

REDUCED pre-tax losses of £68,000 compared with £125,000 are reported by Manor National for the half-year to June 30, 1982.

a break-even position before tax and preference dividends in trading in the first five months but, unfortunately, he says, vehicle sales in June were at their lowest ebb with a loss being incurred in that month.

United Glass reduces deficit

SALES FOR the 28 weeks to June 12, 1982, of United Glass rose from £90.46m to £97.5m, while pre-tax losses were reduced from £4.62m to £0.54m.

liability for mainstream corporation tax in respect of the current year.

IBS falls £0.19m into red

FOR the year to March 31, 1982, Immediate Business Systems contained a statement that a substantial trading loss would be incurred in that year.

is now operational and is engaged in a concentrated marketing effort aimed at the U.S. utilities.

Rothmans makes good start in current year

A GOOD start has been made in the current year by Rothmans International, the tobacco, luxury consumer products and brewing group.

current year, says Sir David, "we have made a good start."

RECEIVERS FOR WALDMANS

Mr Robert Brdshaw and Mr David Harrison of chartered accountants Deloitte Haskins & Sells have been appointed joint receivers and managers of Waldmans of Burnley, the Liverpool-based drapers.

Dura Mill slips to £3.559

Pre-tax profits at Dura Mill in the year to March 31 1982 were down slightly from £3.816 to £3.559 on turnover up from £66.075 to £76.857.

Stirling Gp. advances to £1.08m for year

A RISE in second half pre-tax profits from £394,000 to £555,000 helped take Stirling Group's profits for the year to March 31, 1982 from £763,000 to £1,080,000, on sales up from £10.35m to £13.73m.

Kennedy Smale downturn in second half

Second-half taxable profits of Kennedy Smale have fallen from £439,942 last time to £363,954, but full year figures, to March 31, 1982, were ahead at £1,074,963, against £941,202 previously.

Interim progress for Scottish Cables (SA)

South African cable manufacturer Scottish Cables, which is 55 per cent owned by BICC (UK), increased pre-tax profits from £4.1m (£2.01m) to £5m in the six months to June 30, 1982.

Press expansion in U.S. and Australia costs £17m

BY CHARLES BATCHELOR

William Press Group, the mechanical engineering contractor, yesterday announced details of its long-awaited expansion in the U.S. and Australia.

comprising land, buildings, vehicles and computer hardware at present leased by Fisk.

Mixconcrete says Pioneer bid is 'wholly inadequate'

Mixconcrete (Holdings) yesterday issued a detailed rejection of the £14.4m bid from Pioneer Concrete (Holdings) charging that the price offered was "wholly inadequate".

Harvard Int. buys Alba business

Harvard International, through one of its subsidiaries, has purchased the business of Alba Group, Mr. Guy Parsons and Mr. Alan Milnes of Post, Marwick, Mitchell and Co., receivers of A. J. Balcombe, of Bull Lane, Edmonstone.

SHARE STAKES

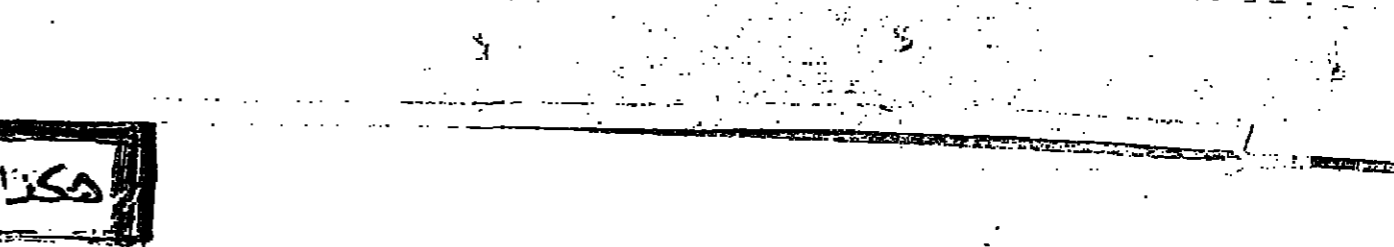
Le Vallonec Company—Atlantic Resources International have purchased a total of 59,000 ordinary shares in the company.

Results due next week

Better than expected first quarter figures in May from Royal Dutch/Shell Group, which reports half-year results on Wednesday, prompted optimism among forecasts for the rest of the year.

Table with columns: Company, Announcement date, Dividend (p), Last year, This year. Includes Allied (W. G.) & Sons, Boardmax, etc.

Table with columns: Dates, Dividend (p), Last year, This year. Includes Dares Estate, Davies & Metcalf, etc.





SUMMARY WEEK'S COMPANY NEWS

UK NEWS

Fortunes which Hinge on News Interpretation and price Rebounds which occur after mass misconstrual

in U.S. take-over bids and deals

In an effort to reduce its considerable debts, troubled Canadian oil producer Dome Petroleum is to sell its non-U.S. production and exploration interests...

Property and building group C. H. Beazer announced an 8.5 per cent stake in brick manufacturers Blockleys and is willing to pay 180p per share in the market up to the close of business on September 1...

Sunlight Service's bid for rival cleaning concern Johnson Group Cleaners, which has been vehemently resisted by the latter's board, has lapsed following its reference to the Monopolies and Mergers Commission.

Table with columns: Company bid for, Value of share, Market price, Price bid, Value of bid, Bidder. Lists various companies and their market/offer prices.

All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. \*\* Based on 13/8/1982. †† At suspension. ††† Estimated. §§ Shares and cash. ¶ Unconditional.

PRELIMINARY RESULTS

Table with columns: Company, Year to, Pre-tax profit (£000), Earnings\* per share (p), Dividends\* per share (p). Lists companies like Abbey, Aerotel & Gen. Benn Bros., Brady Industries, etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year to, Pre-tax profit (£000), Interim dividends\* per share (p). Lists companies like Amal Tin Nigeria, Albright & Wilson, BOC Group, etc.

(Figures in parentheses are for the corresponding period.) \* Dividends are shown net except where otherwise stated. First quarter figures. † For nine months. ‡ In £. § Loss.

Charter Consolidated wins right to make bid for South Crofty

CHARTER CONSOLIDATED, the mining and industrial group, was yesterday given permission in the High Court to bid for 65 per cent of South Crofty, the Cornish tin mining company.

St Piran, said that Charter Consolidated had indicated a bid of £8.52m. This offers St Piran 70p for each of its shares and contrasts with the 23p price of South Crofty's shares when they were suspended in May 1981.

The court was given an undertaking that St Piran would place £6.1m of the sale proceeds in the London money market while proceedings went forward between Mr Raper's parent company and Raper's and Investment Bank of the Isle of Man.

Goldsmith's optimism challenged

MR WALTER GOLDSMITH, director-general of the Institute of Directors, yesterday met Midlands businessmen after one had challenged his optimistic views on the economy expressed in a BBC Radio news programme.

Mr Norman Birch, managing director of National Standard, the wire manufacturer, challenged Mr Goldsmith to "see the realities of unemployment, redundancies and poor order books."

continued efforts against inflation were priorities. But Mr Goldsmith believed the benefits of these should be allowed to work through the economy to create greater individual purchasing power.

Offers for sale, placings and introductions

Delmar Group—Is joining the Unlisted Securities Market.

NEL BASE RATE 12% Rate of interest currently allocated to NEL PENSIONS GUARANTEED GROWTH POLICIES 12 1/4% with effect from 9th August 1982 National Employers Life Group

M. J. H. Nightingale & Co. Limited 27/28 Lovat Lane London EC3R 9EB Telephone 01-421 1212. Table with columns: 1981-82, High/Low, Company, Price Change, Gross Yield, P/E, Fully Actual.

APPOINTMENTS AGB Research makes changes

AGB RESEARCH has made the following appointments. Mr Martin Ray has been appointed joint managing director of Langston Information Systems. He joins Mr Warwick Wilson who continues as joint managing director.

CONTRACTS Scott busy in Wales

UNDER a £1.4m contract from the Welsh Development Agency, ANDREW SCOTT (Civil Engineering) will prepare the first 53 acres of a 130 acre site at a new industrial estate at Dafen, near Llanelli, west Wales.

THE JEFFERY LETTER

Published by Pressminster Limited 100 Park Street London W1V 3JL Tel: 01-499 7374. Gentlemen: Please send complimentary Jeffrey Letters and Fund details to: Name, Address, Telephone.

MURRAY TECHNOLOGY INVESTMENTS PLC

The objective of the company is to achieve capital growth over the long term by investing in unlisted and listed companies associated with high technology industries throughout the world.

Results for the period 11 February 1981 to 31 March 1982. Revenue before taxation £190,778. Net asset value per ordinary share 96.8p. Earnings per ordinary share 1.10p. Dividend per ordinary share 0.75p.

Progress During the period under review over 400 opportunities to invest in unlisted companies were considered. Seven such investments were made in the UK costing in total £1,163,636, and six in the US costing in total £1,794,567.

Prospects The Board is pleased with the portfolio so far acquired which it considers has potential for substantial growth in a well diversified field of interests. There is also a good balance between companies with an established pattern of profitable trading and companies at an earlier stage of development operating at the forefront of their specialist technology.

For a copy of the Annual Report please write to the Secretary, Murray Technology Investments PLC, 163 Hope Street, Glasgow G2 2UH.

MURRAY NORTHERN INVESTMENT TRUST PLC

MANAGERS: MURRAY JOHNSTONE LIMITED Results for the year ended 31 May 1982

Table with columns: 1982, 1981. Equity shareholders' interest £29,190,459 / £30,842,601. Asset value per share 104.3p / 110.2p. Revenue available for ordinary shareholders £565,230 / £511,243.

Investment Policy The policy of holding an international portfolio based primarily on the UK, US and Japan, but also investing, when appropriate, in geographical areas in which the individual would find it more difficult to invest, continues.

Copies of the report may be obtained from the Secretary, Murray Northern Investment Trust PLC, 163 Hope Street, Glasgow G2 2UH.



Companies and Markets

WORLD STOCK MARKETS

Dow up 4.19 at mid-session

NEW YORK

Table of stock prices for various companies in New York, including ACF Industries, AMF, ASA, and others.

Stock

Table of stock prices for various companies, including Columbia Gas, Gulf Oil, and others.

Stock

Table of stock prices for various companies, including MGM, Metromedia, and others.

Stock

Table of stock prices for various companies, including Schlumberger, Scott Paper, and others.

Stock

Table of stock prices for various companies, including Amalgamated, Amstar, and others.

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STOCK MARKET prices were higher in moderate trading at mid-session on Wall Street. This was in reaction to strength in the bond markets and a reassessment of the impact of the failure of a government securities trading company on Thursday.

The Dow Jones Industrial Average was up 4.19 to 781.11 at 1 p.m. while the NYSE All Common Index was 24 cents higher at 560.04. Advances led declines by more than six to five as volume fell to 317.8m shares, against 349.9m at 1 p.m. on Thursday.

Analysts say a bond market rally, especially in quality issues, is apparently carrying over into securities trading, where some Blue Chip issues are edging higher.

International Business Machines was up 1/2 to \$62. ATT was ahead 1/2 to \$51 and International Telephone and Telegraph added 1/4 to \$23.

Analysts said the market may be continuing a technical rally, caused by an oversold position that was interrupted on Thursday when Lombard-Wall Inc filed for Chapter XI bankruptcy protection.

Chase Manhattan, which fell more than three points on the Lombard-Wall announcement, reacted to the \$332 in active trading. The company has about \$38m of exposure with the government securities company.

Hillegard Zagorski, an analyst with Bache Halsey Stuart Shields, reacted to the bankruptcy filing with a "knee jerk" reaction on Thursday. Yesterday, investors were realising that the impact of the failure is "not too great".

Utilities strengthened, with HK Electric rising 25 cents to HK\$25.25 and Ches Light ending at HK\$12.00 ex-dividend against Thursday's HK\$11.30 close.

THE AMERICAN SE Market Closing prices for North America were not available for this edition.

Canada: The stock market led by Blue Chips staged a modest recovery from its recent sharp slump, with sentiment aided by the yen's

steadier slip against the dollar and the slight fall in some U.S. interest rates overnight.

The Nikkei Dow Market Average recovered 47.46 to 6,827.89, after shedding 333.18 over the previous eight trading days. The Tokyo Stock Exchange index added 3.29 to 515.32, but trading was slow on volume of 180m shares.

Computer-makers, Precisions and Light Electronics, rose sharply, with Hitachi adding 2.24 to 2,870, but Consumer-related issues fell due to slow summer sales.

Major gainers included Toshiba, up 1/2 to 2,722, Fujitsu Y22 to 2,722, Nippon Elec Y26 to 2,722, Matsushita Elec Y26 to 2,722, Canon Y20 to 2,722, Fuji Photo Y20 to 2,722, and TDK Electronics Y100 to 2,722. Steel, Shipbuilders and Autos made small gains.

Supermarkets, Clothing Manufacturers and Department Stores were sold on slower sales because of declining personal spending, with Daiso losing 1/2 to 2,800. Consumer Credit companies continued to fall on fears of increasing competition from non-IFC insurance companies. Orient Finance shed 1/2 to 2,800.

The weakness of Bank shares in the aftermath of the AEG-Telefunken crisis pulled share prices lower in dull trading.

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Stock Exchange Dealings

Details of business done shown below have been taken with consent from the London Stock Exchange... Details relate to those securities not included in the FT Share Information Service.

The prices are those at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange... Details of business done shown below have been taken with consent from the London Stock Exchange.

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Table with columns for company names and stock prices, including entries like 'White (London)', 'Widened (London)', and 'Widened (London)'.

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LONDON TRADED OPTIONS

Table showing LONDON TRADED OPTIONS with columns for Option, Exercise price, Vol., and Equity close. Includes sub-sections for Oct, Jan, April, and Nov.

CORPORATION AND COUNTY

Table listing various Corporation and County entities with their respective stock prices and details.

UK PUBLIC BONDS

Table listing UK PUBLIC BONDS with columns for bond name, price, and other details.

COMMONWEALTH GOVT.

Table listing COMMONWEALTH GOVT. bonds and securities.

COMMONWEALTH CORPN.

Table listing COMMONWEALTH CORPN. entities and their stock prices.

FOREIGN STOCKS

Table listing FOREIGN STOCKS with columns for company name and price.

BANKS, DISCOUNT

Table listing BANKS, DISCOUNT and other financial institutions.

BREWERS

Table listing BREWERS and related companies.

COMMERCIAL INDUSTRIAL

Table listing COMMERCIAL INDUSTRIAL companies.

EUROPEAN OPTIONS EXCHANGE

Table showing EUROPEAN OPTIONS EXCHANGE with columns for Series, Vol., and Last price.

BASE LENDING RATES

Table showing BASE LENDING RATES for various banks and financial institutions.

FINANCIAL TRUSTS

Table listing FINANCIAL TRUSTS and their stock prices.

INSURANCE

Table listing INSURANCE companies and their stock prices.

INVESTMENT TRUSTS

Table listing INVESTMENT TRUSTS and their stock prices.

PLANTATIONS

Table listing PLANTATIONS and their stock prices.

RAILWAYS

Table listing RAILWAYS and their stock prices.

UTILITIES

Table listing UTILITIES and their stock prices.

WATERWORKS

Table listing WATERWORKS and their stock prices.

FINANCIAL TIMES SURVEY

REINSURANCE

SEPTEMBER 6 1982

The Financial Times is planning to publish a survey on Reinsurance in its issue of September 6 1982. The provisional editorial synopsis is set out below.

Introduction: World insurance markets are flooded with available reinsurance capacity. The numbers of risk carriers specialising in reinsurance continues to grow despite the prospect of huge underwriting losses as competitive pressures become more intense.

Editorial coverage will also include: Underwriting Strategy, Security Capabilities—Companies, Pools, The Americas—Canada, The U.S., South America.

Copy date: August 6 1982. For further information and advertisement rates please contact: Guy Mainwaring-Burton.

Financial Times, Bracken House, 10 Cannon Street, London EC4A 3DF. Tel: 01-248 8000 ext 3606. Telex 885033 FINTIM 6

Handwritten signature or note at the bottom left of the page.



Table of financial data including exchange rates and market indicators.

Financial news and market commentary, including mentions of 'Bargains marked in securities'.

Section titled 'RULE 163 (2) (a)' regarding applications granted for specific securities.

Section titled 'RULE 163 (4) (a)' regarding bargains marked in securities.

FT UNIT TRUST INFORMATION SERVICE

Large table listing various unit trusts and authorized trusts, including names, managers, and performance data.

Table titled 'UNLISTED SECURITIES MARKET' listing various unlisted securities.

Section titled 'MONEY MARKETS' discussing clearing bank base lending rates.

Section titled 'CURRENCIES' discussing trading in the foreign exchange market.

Section titled 'RULE 163 (3)' regarding dealings for approved companies.

Section titled 'EXCHANGE CROSS RATES' providing a table of exchange rates for various currencies.

Section titled 'EURO-CURRENCY INTEREST RATES' providing a table of interest rates for Euro-currency deposits.

Section titled 'LONDON MONEY RATES' providing a table of money market rates in London.

Section titled 'CURRENCY MOVEMENTS' providing a table of currency movements and indices.

Section titled 'OTHER CURRENCIES' providing a table of exchange rates for other currencies.

Section titled 'U.K. CONVERTIBLE STOCK 14/8/82' providing a table of convertible stock data.

Section titled 'STATISTICS PROVIDED BY DATASTATS INTERNATIONAL' providing various statistical data.

Section titled 'NOTES' providing additional information and notes related to the unit trusts.

Section titled 'LONDON INTERBANK FIXING (11.00 a.m. AUGUST 13)' providing interbank fixing rates.

Section titled 'EURO-CURRENCY INTEREST RATES (Market closing rates)' providing closing rates for Euro-currency.

Section titled 'CURRENCY MOVEMENTS' providing a table of currency movements.

Section titled 'OTHER CURRENCIES' providing a table of exchange rates for other currencies.

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Lower interest rates convictions remain strong and unofficial tap stock exhausted as Gilts surge on

Account Dealing Dates Option
\*First Declared Last Account Dealings Dates
Aug 2 Aug 12 Aug 13 Aug 23
Aug 16 Sept 2 Sept 3 Sept 13
Sept 6 Sept 16 Sept 17 Sept 27

week, making a fall of 11.6 on the Account.
Continued demand found little stock available of Hertfordshire 63 per cent 1982-87 and dealers adjusted the price sharply higher in an effort to find sellers; the close was 31 points up at a 1982 peak of 831.

Standard down

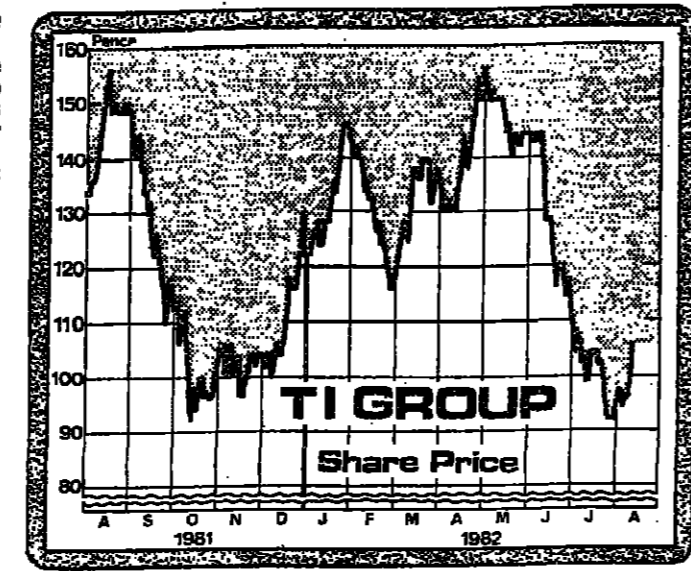
The steep slide in Hong Kong shares weakened Standard Chartered which has substantial interests there, the close being 29 down at a 1982 low of 370p. A friendly sector of late following the recent disappointing interim dividend season, the major clearing banks remained on offer. Sentiment yesterday was not helped by reports that Midland's U.S. subsidiary, Crocker National Bank, has £19m in loans relating to Texas Oilfield Supply Industries, which has run into financial difficulties as a result of the fall in oil prices. Midland gave up 6 to 712p as did NatWest, to 410p, while Waterbury fell 10 to 385p and Barclays 7 to 375p. Elsewhere, Royal Bank of Scotland gave up 4 to 92p.

Still depressed by the poor interim statements reported by Commercial Union and General Accident, Composite Insurances continued their retreat. GA fell 4 making 20 on the week and CU at 372p, while CU raised 10 to 131p, after 125p. Royals, the next to announce half-yearly results on Monday, retrieved an early fall of 4 to close unaltered at 342p, but GRE lost 6 to 250p as did Gresham, 4 to 245p, and Sun Alliance relinquished 15 at 780p. Life issues were also dull with Prudential 8 lower at 242p and Legal and General 5 off at 244p.

Hadson Petroleum International made its expected sorry debut in the Unlisted Securities Market yesterday. An opening level well below the offer-for-sale price of 80p was assured following news that 97 per cent of the issue had been left underwritten; after starting at 58p, the price fell steadily to 48p before rallying late to close at 56p.

A good market earlier in the week reflecting institutional support in the wake of the current spell of good weather. Leading Breweries paused for breath and most finished on a slightly dull note. Bass eased a penny to 241p, still, however, retaining a gain on the week of 8, while Whitbread shed a few pence to 121p.

Blue Circle, a poor market for late in the week, a 10 per cent regement prices and the devaluation of the Chilean peso, came under fresh selling pressure yesterday and weakened to 415p before recovering to close 8 down on



balance at 423p following an article in a trade journal suggesting that the company may meet competition from Continental imports. Elsewhere in the Building sector, occasional support left J. Carr 4 to the good at 101p, while Derek Crouch firm 3 to 83p on the openest mining contract worth 25m from the National Coal Board. ICI moved narrowly before settling a couple of pence dearer at 278p, while Rentokil showed renewed firmness in front of next Thursday's interim results and put on 3 more to 187p.

Ward White up again

Stores flushed a generally disappointing week on a quietly firm note. The leaders closed with small gains across the board with House of Fraser 2 up at 152p. Elsewhere, profit-taking clipped W. & A. Giltspur's to 100p, while Household, 109p, but revived support was noted for J. Hepworth, 3 better at 94p. Shoes continued to feature Ward White which added a couple of pence for a two-day gain of 4 at 82p after further consideration of the acquisition of Hotheimer of the U.S. for a consideration of £13.6m.

A small demand ahead of the first-quarter figures scheduled for next Thursday helped Plessey to improve 4 to 312p, among other winners, while electrical majors. Elsewhere, Sun Duffusion attracted buyers and firm 7 to 134p but immediate Business Systems dipped 3 to 122p following the annual deficit. Leading engineers helped Claxton, 15p, before closing with a slightly easier bid. TI continued to drift lower following comment on the interim results and eased 3 more to 98, while British

levels, sentiment not being helped by the discouraging results from Automotive Products which announced a further cut in the interim dividend, continued first-half losses and a reintroduction of the company's voluntary redundancy scheme; the close was 3 cheaper at 25p. Bluenet Bros. gave up a couple of pence to 15p. Distributors were irregular; Lex Service remained in demand and added 3 for a two-day gain of 8 at 188p, but Henlys eased 2 to 89p. End-Account profit-associates clipped a few pence from Associated Newspapers, 15p. Elsewhere, Ault and Wiborg put on a penny to 35p in response to the expected return to profits at the interim stage Saatchi and Saatchi, still benefiting from the prospect of the money-spinning British Airways advertising account, firmed 5 for a two-day advance of 25 to 440p.

Interest in the Property leaders was again at a low ebb despite talk that base rates might soon be reduced again. Stock Conversion lost 4 to 283p as did Great Portland Estates, to 145p, while Land Securities cheapened 3 to 272p and MCFP 2 to 185p. Elna, where, Churchbury lost 5 to 535p and Rosehugh ended the same amount down at 205p. Lead Lease fell 14 to 172p, but Blair-Eves hardened 2 to 59p; the latter's interim results are scheduled for August 24.

LASMO advance afresh

Encouraged further by the joint deal with British Petroleum to acquire Dome Petroleum's Indonesian exploration and production interests, LASMO ended the week with a gain of 15 to 325p for a rise of 50 since the announcement of the deal. Elsewhere in Oils, the trend was to slightly higher levels. Shell improved 2 to 364p and Tricentac a similar amount to 184p. Ultramar edged up 3 more to 383p following comment on the interim figures, while Hamilton Oil firmed 3 to 85p in response to news of the North Sea drilling report.

Overseas Traders finished a shade easier for choice. Gill and Duffus shed a few pence to 117p, while Tozer Kemsley and Millwrights, a firm market earlier in the week on revived takeover speculation, eased the turn to 63p. Lonrho closed a penny cheaper at 88p. Scattered small losses were the order of the day in Trusts. Jardine Securities, still reflecting weakness in Hong Kong shares, eased 3 more to 88p for a fall of 32 on the week. Overseas dividend winners helped the order of the day in Trusts. Jardine Securities, still reflecting weakness in Hong Kong shares, eased 3 more to 88p for a fall of 32 on the week. Overseas dividend winners helped the order of the day in Trusts.

Textiles finished the week on a subdued note with most holding close to the overnight levels. Leading exporters helped Claxton, 15p, before closing with a slightly easier bid. TI continued to drift lower following comment on the interim results and eased 3 more to 98, while British

FINANCIAL TIMES STOCK INDICES table with columns for indices (Govt Secs, Fixed Int., etc.) and dates (Aug 13, Aug 12, etc.).

HIGHS AND LOWS table with columns for 1982 High/Low and Since Completion High/Low for various stock categories.

LEADERS AND LAGGARDS table showing percentage changes since December 31 1981 based on Thursday August 12 1982 for various sectors.

OPTIONS table with columns for First Last Last For Standard Chartered, etc., and price changes.

RISES AND FALLS YESTERDAY table with columns for Yesterday and On the week for various stock categories.

NEW HIGHS AND LOWS FOR 1982 table with columns for NEW HIGHS (92) and NEW LOWS (92) for various sectors.

THURSDAY'S ACTIVE STOCKS table with columns for Stock, No. of closing price, and change.

5-DAY ACTIVE STOCKS table with columns for Stock, No. of closing price, and change over 5 days.

ACTIVE STOCKS table with columns for Stock, Closing price, and change.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Large table of FT-Actuaries Share Indices with columns for Index No., Day's Change, and various dates from Aug 12 to Aug 9.

FIXED INTEREST

Table of Fixed Interest rates with columns for Average Gross Redemption Yields and various dates.

Table of Equity section or group with columns for Base date, Base value, and various dates.

RECENT ISSUES

Table of Recent Issues with columns for Issue price, Amount, and various details.

EQUITIES

Table of Equities with columns for Issue price, Amount, and various details.

FIXED INTEREST STOCKS

Table of Fixed Interest Stocks with columns for Issue price, Amount, and various details.

"RIGHTS" OFFERS

Table of Rights Offers with columns for Issue price, Amount, and various details.

Announcements of new issues... based on prospectus estimates... based on prospectus or other official estimates.



ES STOCK IND

July 10 1982

INSURANCES

Table of insurance companies and their products, including Life Assurance Co. of Pennsylvania, Sun Life of Canada, and various international and offshore funds.

INSURANCE & OVERSEAS MANAGED FUNDS

Main table of insurance and overseas managed funds, listing various investment vehicles, their managers, and performance metrics.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including details on fund names, managers, and investment strategies.

NOTES: Price are in pence unless indicated and have been rounded to the nearest pence. All prices are as at 10.00 a.m. on the day of publication.



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**BRITISH FUNDS**

"Shorts" (Lives up to Five Years)

High	Low	Stock	Price	%	Div	Yield
99	97	Each 10p 1982	99	+	9.28	11.95
99	97	Each 10p 1983	99	+	8.78	11.97
99	97	Each 10p 1984	99	+	8.28	11.99
99	97	Each 10p 1985	99	+	7.78	12.01
99	97	Each 10p 1986	99	+	7.28	12.03
99	97	Each 10p 1987	99	+	6.78	12.05
99	97	Each 10p 1988	99	+	6.28	12.07
99	97	Each 10p 1989	99	+	5.78	12.09
99	97	Each 10p 1990	99	+	5.28	12.11
99	97	Each 10p 1991	99	+	4.78	12.13
99	97	Each 10p 1992	99	+	4.28	12.15
99	97	Each 10p 1993	99	+	3.78	12.17
99	97	Each 10p 1994	99	+	3.28	12.19
99	97	Each 10p 1995	99	+	2.78	12.21
99	97	Each 10p 1996	99	+	2.28	12.23
99	97	Each 10p 1997	99	+	1.78	12.25
99	97	Each 10p 1998	99	+	1.28	12.27
99	97	Each 10p 1999	99	+	0.78	12.29
99	97	Each 10p 2000	99	+	0.28	12.31

Five to Fifteen Years

High	Low	Stock	Price	%	Div	Yield
103	101	Each 10p 1987	103	+	12.04	12.05
103	101	Each 10p 1988	103	+	11.54	12.07
103	101	Each 10p 1989	103	+	11.04	12.09
103	101	Each 10p 1990	103	+	10.54	12.11
103	101	Each 10p 1991	103	+	10.04	12.13
103	101	Each 10p 1992	103	+	9.54	12.15
103	101	Each 10p 1993	103	+	9.04	12.17
103	101	Each 10p 1994	103	+	8.54	12.19
103	101	Each 10p 1995	103	+	8.04	12.21
103	101	Each 10p 1996	103	+	7.54	12.23
103	101	Each 10p 1997	103	+	7.04	12.25
103	101	Each 10p 1998	103	+	6.54	12.27
103	101	Each 10p 1999	103	+	6.04	12.29
103	101	Each 10p 2000	103	+	5.54	12.31

Over Fifteen Years

High	Low	Stock	Price	%	Div	Yield
117	115	Each 10p 1977-8	117	+	11.29	11.95
117	115	Each 10p 1978-9	117	+	10.79	11.97
117	115	Each 10p 1979-80	117	+	10.29	11.99
117	115	Each 10p 1980-1	117	+	9.79	12.01
117	115	Each 10p 1981-2	117	+	9.29	12.03
117	115	Each 10p 1982-3	117	+	8.79	12.05
117	115	Each 10p 1983-4	117	+	8.29	12.07
117	115	Each 10p 1984-5	117	+	7.79	12.09
117	115	Each 10p 1985-6	117	+	7.29	12.11
117	115	Each 10p 1986-7	117	+	6.79	12.13
117	115	Each 10p 1987-8	117	+	6.29	12.15
117	115	Each 10p 1988-9	117	+	5.79	12.17
117	115	Each 10p 1989-90	117	+	5.29	12.19
117	115	Each 10p 1990-1	117	+	4.79	12.21
117	115	Each 10p 1991-2	117	+	4.29	12.23
117	115	Each 10p 1992-3	117	+	3.79	12.25
117	115	Each 10p 1993-4	117	+	3.29	12.27
117	115	Each 10p 1994-5	117	+	2.79	12.29
117	115	Each 10p 1995-6	117	+	2.29	12.31

Undated

High	Low	Stock	Price	%	Div	Yield
33	31	Consolidated	33	+	12.09	12.19
33	31	Consolidated	33	+	11.59	12.21
33	31	Consolidated	33	+	11.09	12.23
33	31	Consolidated	33	+	10.59	12.25
33	31	Consolidated	33	+	10.09	12.27
33	31	Consolidated	33	+	9.59	12.29
33	31	Consolidated	33	+	9.09	12.31

Index-Linked & Variable Rate

High	Low	Stock	Price	%	Div	Yield
100	98	Index-Linked	100	+	11.25	11.19
100	98	Index-Linked	100	+	10.75	11.21
100	98	Index-Linked	100	+	10.25	11.23
100	98	Index-Linked	100	+	9.75	11.25
100	98	Index-Linked	100	+	9.25	11.27
100	98	Index-Linked	100	+	8.75	11.29
100	98	Index-Linked	100	+	8.25	11.31

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

High	Low	Stock	Price	%	Div	Yield
102	100	Govt 14 1/2% 1986	102	+	14.18	13.67
102	100	Govt 14 1/2% 1987	102	+	13.68	13.27
102	100	Govt 14 1/2% 1988	102	+	13.18	12.87
102	100	Govt 14 1/2% 1989	102	+	12.68	12.47
102	100	Govt 14 1/2% 1990	102	+	12.18	12.07
102	100	Govt 14 1/2% 1991	102	+	11.68	11.67
102	100	Govt 14 1/2% 1992	102	+	11.18	11.27
102	100	Govt 14 1/2% 1993	102	+	10.68	10.87
102	100	Govt 14 1/2% 1994	102	+	10.18	10.47
102	100	Govt 14 1/2% 1995	102	+	9.68	10.07
102	100	Govt 14 1/2% 1996	102	+	9.18	9.67
102	100	Govt 14 1/2% 1997	102	+	8.68	9.27
102	100	Govt 14 1/2% 1998	102	+	8.18	8.87
102	100	Govt 14 1/2% 1999	102	+	7.68	8.47
102	100	Govt 14 1/2% 2000	102	+	7.18	8.07

CORPORATION LOANS

High	Low	Stock	Price	%	Div	Yield
97	95	Bank 11 1/2% 1985	97	+	11.59	12.34
97	95	Bank 11 1/2% 1986	97	+	11.09	12.36
97	95	Bank 11 1/2% 1987	97	+	10.59	12.38
97	95	Bank 11 1/2% 1988	97	+	10.09	12.40
97	95	Bank 11 1/2% 1989	97	+	9.59	12.42
97	95	Bank 11 1/2% 1990	97	+	9.09	12.44
97	95	Bank 11 1/2% 1991	97	+	8.59	12.46
97	95	Bank 11 1/2% 1992	97	+	8.09	12.48
97	95	Bank 11 1/2% 1993	97	+	7.59	12.50
97	95	Bank 11 1/2% 1994	97	+	7.09	12.52
97	95	Bank 11 1/2% 1995	97	+	6.59	12.54
97	95	Bank 11 1/2% 1996	97	+	6.09	12.56
97	95	Bank 11 1/2% 1997	97	+	5.59	12.58
97	95	Bank 11 1/2% 1998	97	+	5.09	12.60
97	95	Bank 11 1/2% 1999	97	+	4.59	12.62
97	95	Bank 11 1/2% 2000	97	+	4.09	12.64

COMMONWEALTH AND AFRICAN LOANS

High	Low	Stock	Price	%	Div	Yield
94	92	Bank 10 1/2% 1983-4	94	+	10.43	11.60
94	92	Bank 10 1/2% 1984-5	94	+	9.93	11.62
94	92	Bank 10 1/2% 1985-6	94	+	9.43	11.64
94	92	Bank 10 1/2% 1986-7	94	+	8.93	11.66
94	92	Bank 10 1/2% 1987-8	94	+	8.43	11.68
94	92	Bank 10 1/2% 1988-9	94	+	7.93	11.70
94	92	Bank 10 1/2% 1989-90	94	+	7.43	11.72
94	92	Bank 10 1/2% 1990-1	94	+	6.93	11.74
94	92	Bank 10 1/2% 1991-2	94	+	6.43	11.76
94	92	Bank 10 1/2% 1992-3	94	+	5.93	11.78
94	92	Bank 10 1/2% 1993-4	94	+	5.43	11.80
94	92	Bank 10 1/2% 1994-5	94	+	4.93	11.82
94	92	Bank 10 1/2% 1995-6	94	+	4.43	11.84
94	92	Bank 10 1/2% 1996-7	94	+	3.93	11.86
94	92	Bank 10 1/2% 1997-8	94	+	3.43	11.88
94	92	Bank 10 1/2% 1998-9	94	+	2.93	11.90
94	92	Bank 10 1/2% 1999-0	94	+	2.43	11.92
94	92	Bank 10 1/2% 2000-1	94	+	1.93	11.94

LOANS Public Board and Ind.

High	Low	Stock	Price	%	Div	Yield
104	102	Bank 12 1/2% 1982	104	+	12.78	12.31
104	102	Bank 12 1/2% 1983	104	+	12.28	12.33
104	102	Bank 12 1/2% 1984	104	+	11.78	12.35
104	102	Bank 12 1/2% 1985	104	+	11.28	12.37
104	102	Bank 12 1/2% 1986	104	+	10.78	12.39
104	102	Bank 12 1/2% 1987	104	+	10.28	12.41
104	102	Bank 12 1/2% 1988	104	+	9.78	12.43
104	102	Bank 12 1/2% 1989	104	+	9.28	12.45
104	102	Bank 12 1/2% 1990	104	+	8.78	12.47
104	102	Bank 12 1/2% 1991	104	+	8.28	12.49
104	102	Bank 12 1/2% 1992	104	+	7.78	12.51
104	102	Bank 12 1/2% 1993	104	+	7.28	12.53
104	102	Bank 12 1/2% 1994	104	+	6.78	12.55
104	102	Bank 12 1/2% 1995	104	+	6.28	12.57
104	102	Bank 12 1/2% 1996	104	+	5.78	12.59
104	102	Bank 12 1/2% 1997	104	+	5.28	12.61
104	102	Bank 12 1/2% 1998	104	+	4.78	12.63
104	102	Bank 12 1/2% 1999	104	+	4.28	12.65
104	102	Bank 12 1/2% 2000	104	+	3.78	12.67

A FINANCIAL TIMES SURVEY

INTERNATIONAL FUND MANAGEMENT

1 OCTOBER 1982

The Financial Times is planning to publish a survey on International Fund Management in its issue of 1 OCTOBER 1982. The provisional editorial synopsis is set out below.

Introduction: There have been great strides in the field of international fund management, spurred recently by a broadening of the investment horizons of American pension funds. But it is not always clear whether investors are seeking greater opportunities for growth, or are simply attempting to reduce risks by means of wider diversification.

Editorial coverage will also include:



INDUSTRIALS—Continued

Table of industrial stocks including Johnson & Johnson, Amgen, and various pharmaceutical companies.

LEISURE—Continued

Table of leisure stocks including Leisure Time, Leisure World, and other recreational companies.

PROPERTY—Continued

Table of property stocks including various real estate investment trusts and companies.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including various equity and income funds.

OIL AND GAS—Continued

Table of oil and gas stocks including various energy companies.



MINES—Continued

Table of mining stocks including various metal and coal companies.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including various automotive and aerospace companies.

SHIPPING

Table of shipping stocks including various maritime companies.

SHOE AND LEATHER

Table of shoe and leather stocks including various footwear companies.

SOUTH AFRICANS

Table of South African stocks including various companies from that region.

OVERSEAS TRADERS

Table of overseas trader stocks including various international trading companies.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publisher stocks including various media companies.

TEXTILES

Table of textile stocks including various clothing and fabric companies.

TOBACCO

Table of tobacco stocks including various tobacco companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial and real estate entities.

PLANTATIONS

Table of plantation stocks including various agricultural and land management companies.

PAPER, PRINTING

Table of paper and printing stocks including various publishing and media companies.

PROPERTY

Table of property stocks including various real estate investment trusts.

INSURANCE

Table of insurance stocks including various financial and insurance companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial and real estate entities.

MINES

Table of mining stocks including various metal and coal companies.

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Table of insurance stocks including various financial and insurance companies.

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Table of property stocks including various real estate investment trusts.

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MINES

Table of mining stocks including various metal and coal companies.

LEISURE

Table of leisure stocks including various recreational and entertainment companies.

PROPERTY

Table of property stocks including various real estate investment trusts.

INSURANCE

Table of insurance stocks including various financial and insurance companies.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including various financial and real estate entities.

MINES

Table of mining stocks including various metal and coal companies.

MISCELLANEOUS

Table of miscellaneous stocks including various small and niche companies.

NOTES

Notes section providing additional information and commentary on the market.

REGIONAL AND IRISH STOCKS

Table of regional and Irish stocks including various companies from those areas.

OPTIONS

Table of options contracts including various call and put options.

3-month Call Rates

Table of 3-month call rates including various interest rate derivatives.

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## MAN IN THE NEWS

### America's 'secret weapon'

BY ANATOLE KALETSKY

IF THERE is one man in the world who can snatch peace from the turmoil and bloodshed in Lebanon, it is Mr Philip Habib. Four times in as many years, the White House has pleaded with him to return from retirement and find some elusive common ground between the warring factions in Lebanon. Despite the heart condition which forced him to retire in 1978 from his position as Under-Secretary of State for Political Affairs, the man who has been called "America's secret weapon in the Middle East" has never refused to heed the President's call and has never failed to create at least a shaky peace.

When Mr Habib agrees to go on a mission, the signs of relief at the White House are almost audible. For amid the disasters and exasperations of American diplomacy in the Middle East,



Mr Philip Habib

the very existence of a man with Mr Habib's unique background and qualifications has been a miracle of serendipity for Presidents Ronald Reagan and Jimmy Carter before him. His family background is itself a strong qualification for his Middle East peace role. The son of a Lebanese catholic, Mr Habib was born 62 years ago in a thoroughly Jewish neighbourhood in Brooklyn. As a child, he used to help his orthodox Jewish neighbours by being the Gentile who would turn the lights on and off on the sabbath, when Jews are instructed by the Torah not to kindle or extinguish fire.

Most of his experience at the State Department since he joined it in 1949, however, has been in the Far East. Between 1969 and 1972 he was the senior career diplomat in the Vietnam peace negotiations in Paris. These talks may have achieved little — one of Mr Habib's first jobs was as "the carpenter" who haggled for months with the Vietnamese over the size and share of the negotiating table. But they enabled him to establish his negotiating style — a combination of infinite patience, with boldness and even occasional rudeness in driving his points home when he judges the moment to strike is ripe.

"The president loves Phil. trusts him, has confidence in him and just plain enjoys his company," one White House official recently divulged. Whether or not President Reagan's emotions are really as extravagant as this, his actions speak for themselves.

When it was disclosed last month that Mr Habib was a paid consultant for the Bechtel Corporation (which has strong Arab connections) and also once employed Mr George Shultz, the Secretary of State, and Mr Caspar Weinberger, the Defence Secretary), the President flew into a rage at any imputations of conflict of interest or impropriety about his peace envoy. Within two days the "controversy" over Mr Habib's consultancy stopped as abruptly as it had emerged.

Mr Habib's personality, which still has traces of the brashness and argumentativeness of his Brooklyn childhood, may account for part of the trust which he enjoys from many politicians. Although he has a doctorate in economics from Berkeley, he has none of the intellectual pretensions of a Henry Kissinger or Jeane Kirkpatrick.

But there is another, sadder, reason for the almost universal respect and admiration for Mr Habib. He has literally been risking his life, as much as any soldier, in accepting successive missions in the Middle East. After four heart attacks he travels everywhere with a complete set of medical records and medications, in case of an emergency. There can be no doubt that he and his family are as eager as the rest of the world to see him return to peaceful retirement in Florida when his services are no longer required in Beirut.

## SHARON 'REINED IN' AS BEIRUT PEACE TALKS CONTINUE

### Israel maintains ceasefire

BY PATRICK COBURN IN JERUSALEM

ISRAELI FORCES maintained their ceasefire in Beirut yesterday, after the bitter Cabinet dispute in Jerusalem between General Ariel Sharon, the Defence Minister, and other ministers over the bombardment of the Lebanese capital. Officials in Israel said they were still expecting the Palestine Liberation Organisation (PLO) to withdraw from Beirut and emphasised that they would scrupulously keep the ceasefire unless the PLO fired at their troops.

They also said that the mission of Mr Philip Habib, the U.S. envoy, had full Israeli support, but they admitted that the U.S. definition of a ceasefire violation might differ from their own.

An army spokesman said that there were skirmishes between

Israeli and PLO units inside eastern Lebanon yesterday, but Israel suffered no casualties. In Jerusalem Gen. Sharon's supporters in the Defence Ministry sharply rebuffed suggestions that he should resign for exceeding his authority by ordering bombardment of Beirut this week. But a senior official close to Mr Menahem Begin, the Israeli Prime Minister, was quoted as saying that Gen. Sharon's position had become shaky. "Ministers realise how close Sharon was to sinking the Habib mission," he said. "They know it is unsafe to rely on Sharon any more in negotiations."

Gen Sharon's freedom to order into action the Israeli army in Lebanon without consultation with Mr Begin or the Cabinet, has clearly been cur-

tailed. No further attacks will be launched against Beirut without the agreement of the Prime Minister. On the diplomatic front, Israel is still waiting for a full list of PLO personnel to be evacuated from Beirut, the Foreign Ministry spokesman said yesterday. Negotiations also continue on the timing of the arrival of a multinational supervisory force and the departure of the PLO.

In Beirut, Mr Habib resumed his negotiations with Lebanese leaders yesterday. The talks were stopped on Thursday during an 11-hour Israeli air raid. Mr Shafiq al-Wazzan, the Lebanese Prime Minister, having said he could not continue under the pressure of blackmail. Mr Wazzan was quoted today

as saying that Mr Habib no longer has enough elements to be able to complete the negotiations. The Palestinian guerrillas are all expected to leave by 1st for Syria, whence some will go to various other Arab countries, according to an Israeli official in Jerusalem. But Lebanese state radio quoted informed political sources as saying the first batch of PLO fighters would leave by sea for Jordanian port of Aqaba at dawn on Thursday. Israel official said its main sticking points at the talks were Syria's reluctance to remove its troops from Beirut and to give an assurance at the guerrillas who stayed in Syria would not appear late in Syria-controlled territory in eastern Lebanon. Divided Lebanon, Page

## Health unions determined to press on with action

BY DAVID GOODHART, LABOUR STAFF

SELECTIVE strikes over the next fortnight in key areas of the Health Service are planned to reinforce this week's five days of action which union leaders yesterday claimed as a huge success.

The unions are calling for a "rolling programme of action" at a local level. At the same time they are asking other unions to step up support for the health workers' 12 per cent pay claim.

However, confusion surrounding this week's strike action by Fleet Street electricians produced a more cautious attitude towards support from those not directly involved in the dispute.

Mr Albert Spanswick, chairman of the TUC Health Services Committee, and general secretary of the Confederation of Health Service Employees, said that each offer of solidarity action would be looked at on its merits. He predicts increasing disruption by health workers.

The committee yesterday stopped short of backing the National Union of Public Employees' repeated call for an all-out strike for fear of alienating public opinion, which

it still believes is strongly behind the health workers. A decision on whether to escalate the action will be taken at the next full meeting of the TUC committee on August 26.

The message to workers in key areas of hospitals, such as linen, sterile supplies and catering, will continue selective strike action. Union leaders claimed yesterday that such moves had reduced most of the country's 2,600 hospitals to a permanent accident and emergency level only.

Mr Norman Fowler, Social Services Secretary, said only 18 of England's 192 health districts were so affected. The message of this dispute is that most staff have continued to work, but that considerable damage to patient care has been done in some areas by a minority.

The Department of Health and Social Security conceded that pressure had increased during the week but it claimed that only about 15 per cent of hospitals had been reduced to accident and emergency. About 30 per cent had seen no action.

In Rotherham and Southamp-

ton, however, there had again been a breakdown in the provision of proper emergency cover.

The unions repeated their claim that in Scotland, Northern Ireland, Yorkshire and the Northern regions there was only accident and emergency cover. The action was more patchy in London, the South West, East Anglia and the West Midlands, they said.

Solidarity strike action has been less extensive this week than in the three days of action staged in July. Nevertheless, 1,300 steelworkers at Clydesdale Tube works, near Glasgow, yesterday went ahead with a 24-hour stoppage.

The health unions seem prepared to compromise on their 12 per cent claim and are eager to get back to negotiations. Earlier in the week Mr Spenswick suggested that negotiations now needed to cover "the details" of the last offer.

But Mr Fowler remained adamant yesterday that the final offer had been made. He was prepared to talk about only the long-term future of pay negotiations in the NHS.

## McDonnell Douglas may step into shoes

By Robert Graham in Madrid

MCDONNELL DOUGLAS, the U.S. aircraft manufacturer, is putting its best foot forward to conclude a \$3bn (£1.5bn) Spanish deal which would partly involve the buying of aircraft for shoes.

Spain's shoe manufacturers' federation yesterday announced that the Amecans were willing to buy its members' products and market them in the U.S. thus offsetting part of the cost of F-18s combat aircraft ordered for the Spanish air force.

Agreement to purchase 84 F-18s aircraft was announced last month. The cost, including spares and software, is set at nearly \$3bn. The Spanish Government has been seeking ways to offset this substantial foreign exchange disbursement at one suggestion was the purchase of shoes by the U.S. company.

Spanish shoe manufacturers believe McDonnell Douglas will buy up to \$100m worth of shoes over the next 10 years. Discussions have already taken place between the U.S. company and Incesa, one of the six big shoe concerns on the sale of up to 12m pairs of shoes.

The Spanish Government is reportedly disappointed at the level of direct offset production conceded by McDonnell Douglas or the F-18s in Spain. Thus it has been obliged to seek other means. It has already been agreed to provide McDonnell Douglas with aviation equipment unrelated to the F-18s as a means of payment.

The U.S. has traditionally been the largest single purchaser of Spanish-made shoes. It accounts for over 40 per cent of export sales. In the last five years, however, the quantities sold have declined by more than one-third, although their value has remained constant at around Pta 20bn (£13.62m).

Higher costs and fierce competition from Third World producers have been the causes. Incesa claims to have evolved important cost-saving technology. It says it has developed a new moulding system which permits an 8 per cent saving on leather and a new type of fixing for women's heels which replace nails or tacks.

## THE LEX COLUMN

# Downhill with the brakes on

A week ago it looked very much as though a 1/2 point reduction in bank base rates was imminent. But the clearing banks are still stuck at 11 1/2 per cent, and the Bank of England seems to have lost its enthusiasm for forcing the pace of interest rate reductions. Attempts by the discount houses to force the Bank's dealing rates down have received a glacial response, and the Treasury bill rate was hardly changed from the ambitiously low level of the previous week.

The Bank is showing both its natural caution at a time when the U.S. markets are more than usually difficult to read—after much oscillation, euro-dollar rates ended the week roughly 1/2 point lower—and its desire to keep control of the markets.

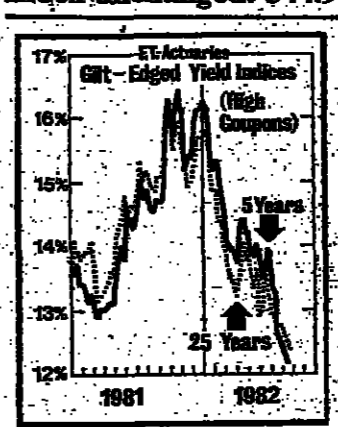
Holding money market rates unchanged has not impeded the authorities' funding efforts. Interest rate cuts are always more detectable in anticipation than in fact, and the gilt-edged market has advanced to new three-year highs this week, clearing the Government Broker out of two chunky tranches of 1988 and 1987 stock on the way.

Institutional liquidity, although far below the peak levels of June, is by no means exhausted; the building societies in particular, with a large inflow of retail funds on top of their share of the maturing Exchequer 91 per cent 1982 stock, have been particularly flush.

Unless the U.S. bond market responds badly to the latest money supply figures, it seems reasonable to expect the Bank of England to resume the move to lower interest rates next week. The UK retail price index, unchanged in June at a level only 8.7 per cent above June 1981, gives further encouragement; that the month's figure was excellent rather than merely creditable has a lot to do with the price of vegetables, but this apart the underlying annual rate of inflation may now be around 7 per cent. That leaves plenty of room for the Bank—and for the gilt-edged market—especially as sterling was very high yesterday.

Equities, however, are managing to do no better than modest sideways. The manufacturing sectors of the market are still under the cloud of the CBI industrial trends survey, the gloomy conclusions of which were echoed by the statement

Index unchanged: 5449



from TI this week. The financial sectors, too, have been throwing up some poor figures—composite insurance companies as well as banks. The equity market has had its substantial new issues to deal with for some time—a reflection perhaps of the poor figures being announced, which would make a flat accompaniment for rights issues, and the drying up of U.S. takeovers by British companies.

Against that, international equity markets are distinctly weak, with defection on Wall Street and something near panic in Hong Kong. The two-way pull on equity prices is becoming if anything more pronounced.

U.S. markets This week's news that another Wall Street securities firm was in trouble served as a timely reminder of the present fragility of U.S. financial markets. The failure of Lombard Wall is unlikely to have repercussions as serious as those caused by the collapse of Drysdale Securities, but it was enough to stall a rally on the New York equity market.

Chase Manhattan, which takes turns with Continental Illinois to produce bad news, was again in the firing line and its shares dropped to roughly half their 1982 high point. Continental's equity has fallen by almost 60 per cent since late January. The banks are in an obvious dilemma, needing to limit their exposure to the securities industry without creating liquidity pressures which could drive clients into default.

Wall Street's concern is expressing itself through the "risk premium" which commercial banks must pay for short term funds. The yield gap

between 90-day bank certificates of deposit and comparable Treasury Bills widened by about 25 basis points after the Lombard Wall announcement, although this also reflected a growing view that the Fed was ready to cut its discount rate for the third time in roughly a month.

The Fed was admittedly doing its level best to help the markets through a seasonally tight period but that in itself was not concrete evidence of an easier stance. The Fed was aware of Lombard Wall's difficulties well in advance and probably wished to defuse the situation as it did successfully during the Drysdale and Penn Square crises.

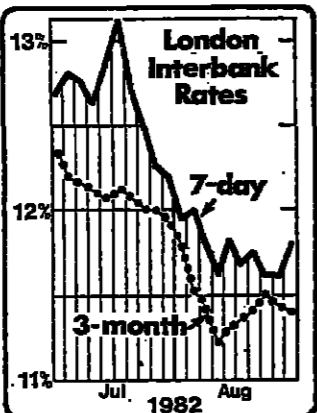
By yesterday morning, however, the markets were looking forward confidently to a further reduction in interest rates. Federal Funds opened at 10 1/2 per cent—signalling a possible half point cut in the discount rate to 10 1/4 per cent—and the yield on long Treasury bonds perhaps of the poor figures being announced, which would make a flat accompaniment for rights issues, and the drying up of U.S. takeovers by British companies.

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Wall Street's concern is expressing itself through the "risk premium" which commercial banks must pay for short term funds. The yield gap



## Weather

### UK TODAY

CLOUDY with showers and sunny intervals.  
S. England, E. Anglia, Midlands Showers, sunny intervals. Max 20C (68F).

Rest of UK Dry with sunny intervals. Max 20C (68F).

Outlook: Unglited, windy, in north, becoming cooler.

### WORLDWIDE

	Y-day	Y-day
	max	min
Aleppo S	27 81	19 66
Amst. C	17 63	10 50
Athens S	30 86	24 75
Bahia S	27 81	21 70
Batavia S	27 81	21 70
Beirut S	27 81	21 70
Bombay S	27 81	21 70
Buenos Aires S	27 81	21 70
Calcutta S	27 81	21 70
Cairo S	27 81	21 70
Canton S	27 81	21 70
Cebu S	27 81	21 70
Colon S	27 81	21 70
Hankow S	27 81	21 70
Hong Kong S	27 81	21 70
Kobe S	27 81	21 70
London S	27 81	21 70
Lyons S	27 81	21 70
Manila S	27 81	21 70
Medan S	27 81	21 70
Osaka S	27 81	21 70
Paris S	27 81	21 70
Perth S	27 81	21 70
Rangoon S	27 81	21 70
San Francisco S	27 81	21 70
Singapore S	27 81	21 70
Sourabaya S	27 81	21 70
Tokyo S	27 81	21 70
Yokohama S	27 81	21 70

## Gilts at 3-year high on base rate hopes

BY WILLIAM HALL, BANKING CORRESPONDENT

THE gilt-edged market ended the week at its highest level for more than three years as expectations grew that UK banks would cut their base rates for the second time in less than a month.

After some hesitation at the start of the week gilt-edged stock prices rose steadily. Institutional and overseas buying meant the unofficial top stock, Treasury 12 per cent 1987 "A" was exhausted.

The FT Government Securities index finished at 74.25 up 1.59 on the week. Short-term interest rates, which had firmed at the beginning of the week, continued to ease by around 1/4 of a percentage point yesterday, with the three-month interbank rate falling to 11 1/2 per cent.

At the weekly bill tender the average rate of discount fell marginally to 10.7110, its lowest level since late 1978. An easier trend in Euro-dollar interest rates, where the three-month rate fell by 1/4 of a percentage point to 12 1/2 per cent yesterday, has encouraged the UK money markets to

expect an early cut in UK bank base rates from their current level of 11 1/2 per cent. However, 11 1/2 seven-day interbank rates—which are watched closely by the banks before they cut rates—remain relatively high. In addition, the Bank of England has not been pushing rates lower as was the case three weeks ago.

It has kept its daily money market dealing rates unchanged in spite of the easier trend in UK interest rates. In the foreign exchange markets, the pound rose by 40 points against the dollar to \$1.703 though the Bank of England's trade-weighted index of its value against a basket of other currencies was unchanged at 90.3.

The U.S. dollar, reflecting the fall in Euro-dollar interest rates, fell early yesterday but recovered towards the close. Against the West German currency it finished at DM 2.5075 against DM 2.5175. The index of its effective exchange rate fell 0.3 to 122.4. Building society records broken, Page 3

## Continued from Page 1

### East-west

months later when war broke out. Last summer, negotiations with Czechoslovakia were revived and, by November, agreement in principle had been reached. In return for a payment by Czechoslovakia of £24m, Britain agreed to return the 18.4 tonnes of disputed gold and was released from certain obligations to do with Czechoslovakian assets held in the UK by the Custodian of Enemy Property. The swap was made on February 20, when the gold was worth about £383m.

On Monday, a distribution order was laid before Parliament to state that money from Prague was available to claimants. Early next month, the Foreign Compensation Commission (FCC), an independent judicial body, will take on the complex adjudication and distribution. Advertisements will be placed in the Press. Anyone with a claim should write to the FCC. Until all the claims, which are likely to involve money and other property, have been lodged and verified, it is impossible to know whether bona fide claims will be met in full.

This increase partly reflects higher London Transport fares as well as the ending of electricity rebates. In general, the faster rise of nationalised industry prices is said to reflect a delayed adjustment to higher energy prices.

## Continued from Page 1

### Inflation slows

due to go up by about 10 per cent in October. As there was a similar increase in gas prices last year, however, the annual rate of inflation should not be affected. The generally moderate level of wage increases, which have been running at around 7 to 8 per cent, and the slow increase in industry's raw materials prices (at about a 5 per cent annual rate) are also expected to help the downward pressure on inflation.

Because of improved productivity, industry's wage costs per unit of output have been increasing at only about 3 per cent a year for the last nine months. Prices charged by nationalised industries continue to rise faster than average. The increase in the year to July was 13.6 per cent compared with a rate of 10.9 per cent in January.

### RETAIL PRICES

	Annual percentage increase to July
Food	7.1
Seasonal food	12.3
Food excluding seasonal	6.3
Alcoholic drink	10.6
Tobacco	15.8
Housing	13.7
Fuel and light	13.3
Durable household goods	2.4
Clothing and footwear	1.1
Transport and vehicles	6.9
Miscellaneous goods	9.3
Services	10.9
Meats out	7.2

**1982**

**Commodity prices under pressure**

Our view

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